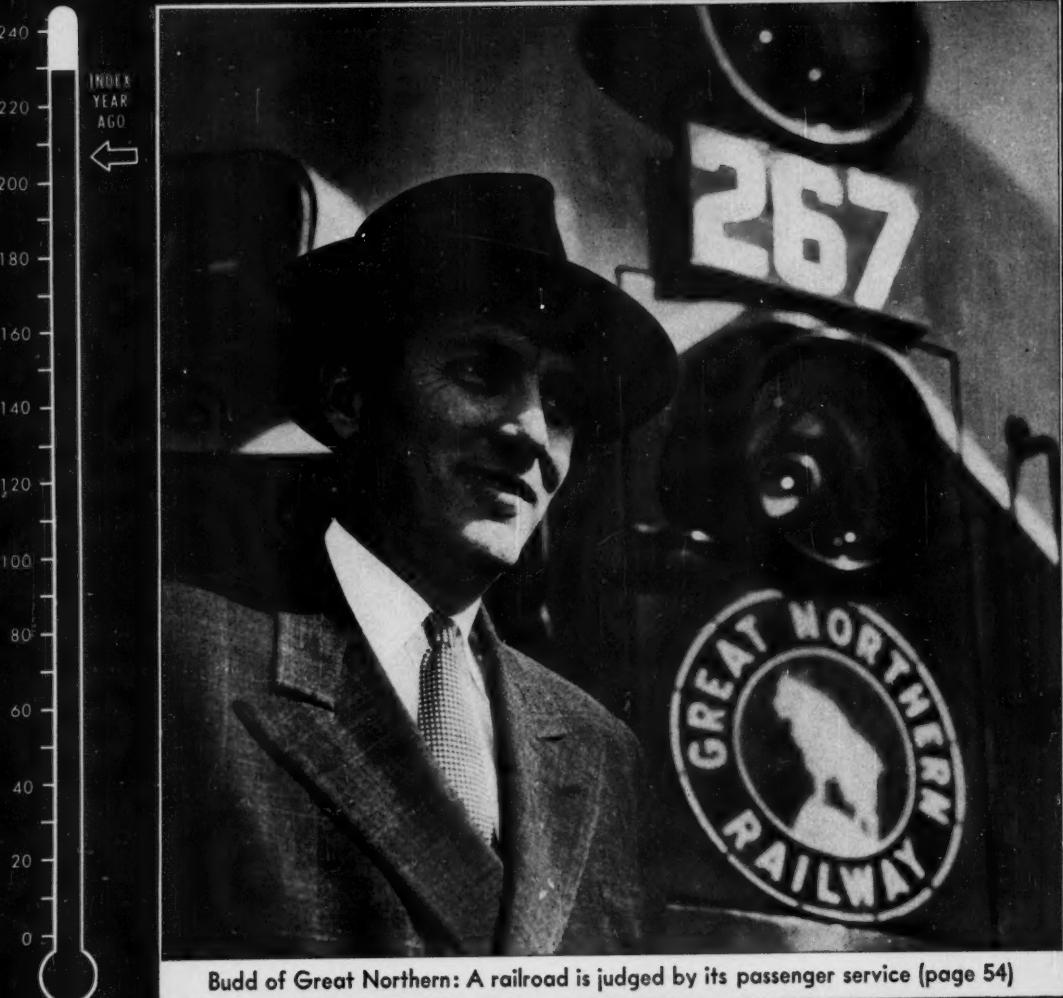


BUSINESS WEEK

HOW DOES
Your Pay
STACK UP? PAGE 68



Budd of Great Northern: A railroad is judged by its passenger service (page 54)

A McGRAW HILL PUBLICATION

MAY 19, 1951

DE VILBISS



WE SERVE MANY INDUSTRIES

There's really no limit to the product improvements which can be made in many industries through the fine results obtained with DeVilbiss equipment—Spray Guns, Exhaust Systems, Air Compressors and Hose. DeVilbiss' familiarity with many products and processes gained over 63 years, can help you build your products better in less time and at lower cost.



Product improvement through DEVILBISS services

TV Triumph—Wonderful products, at reasonable cost, is the sales strategy behind the TV industry. Set makers gain added sales appeal in this highly competitive field by using DeVilbiss Spray Guns to attain beautiful finishes on their cabinets. (Spray methods actually reduce the finishing of fine furniture from days to hours!) In another operation, a coating to improve reception and lengthen tube life is sprayed on the picture tube. Can you profit by our experience?



Non-Skid Rugs—Long needed in the home was a rug that wouldn't skid. A progressive manufacturer contacted

DeVilbiss. With his knowledge of rugs and our experience with spray equipment, a simple process was developed that sprayed rubber on the backs of rugs to prevent slipping. The process was inexpensive. Result—more sales . . . fewer accidents. DeVilbiss engineers will be glad to work with you in developing new ways to improve your products at low cost.



Idea!—A weather-tight covering, easily sprayed on, preserves costly equipment while you are on war work. Use cloth tapes to form a lattice-like framework; spray a webbing material between tapes; spray a sealing material over webbing; insert silica gel to absorb moisture.



Transit companies have discovered that keeping their vehicles clean and freshly painted is good public relations, good advertising. Leading transit companies, and major vehicle manufacturers, find DeVilbiss equipment makes operations more profitable, vehicles more presentable.

May we help you cut costs, save man-hours and material and improve product finishing for your defense or civilian needs? Get the facts. Ask your distributor or dealer, or write direct to the factory.

THE DEVILBISS COMPANY, Toledo, Ohio
Windsor, Ontario • London, England • Santa Clara, Calif.
Branch Offices in Principal Cities

FOR BETTER SERVICE, BUY

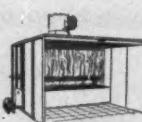
DEVILBISS



Spray Guns



Air Compressors



Spray Booths



Hose and Connections



Portable Spray Outfits

RESEARCH KEEPS

B.F. Goodrich

FIRST IN RUBBER



Rubber windpipes for machines that punch holes in rock

A typical example of B. F. Goodrich improvement in rubber

THAT machine bores deep holes in solid rock with power from compressed air. Dynamite put in the holes will blow the rock to bits to make a foundation for a big factory building.

But the rubber hose used to go to pieces too. It was crushed and cut by flying pieces of rock, burned by the hot air and rotted by oil fed into it to lubricate the drills. Sometimes the rubber would harden and crack into pieces that choked the tools. When the air finally broke through the wall of a

hose, work stopped.

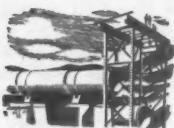
Then B. F. Goodrich men began trying out new rubber compounds. They developed rubber five times as tough as some types of hose. They found rubber linings that could stand heat without scorching or hardening. Modern B. F. Goodrich hose for this use is oil-resisting, stands hot oil without rotting or weakening. Hose that used to go to pieces in a few months now lasts years, through dozens of big building jobs.

Product improvement is a policy and constant program at B. F. Goodrich. If you use air hose or other industrial rubber goods, don't decide any product you may buy is the best to be had without first seeing your BFG distributor and finding out what B. F. Goodrich may have done recently to improve it. *The B. F. Goodrich Company, Industrial and General Products Division, Akron, Ohio.*

B.F. Goodrich
RUBBER FOR INDUSTRY

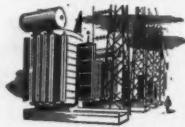
They're stowin' "Main Street"

More Cement—for Both "Main Street" and National Defense . . .

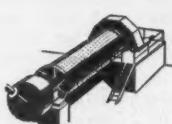


Another Allis-Chalmers rotary cement kiln being installed. Two of these kilns in new east coast plant will add 4,000 barrels a day to the nation's cement production.

Supplying power for cement making, as well as industrial and home use, Allis-Chalmers electric power equipment plays a vital role in building national strength.



These grinding mills reduce "clinker" from the rotary kilns to cement of face-powder fineness. A-C grinding mills are noted for their high production, low operating cost.



PROSPERITY POWER!

America's strength, prosperity and good living have been paced by rapidly expanding generation and utilization of electric power.

aboard!



Photo: Loading bulk Portland Cement at world's largest cement plant. Allis-Chalmers supplied most of the major machinery.

ALLIS-CHALMERS

One of the Big 3 in Electric Power Equipment—
Biggest of All in Range of Industrial Products



DOWN THE HATCH goes the vital ingredient used in concrete for building long-life streets and highways, sturdy buildings and bridges . . .

They're loading cement!

Today America produces it at a record rate of over 200 million barrels a year . . . to help meet fast-growing needs for defense as well as for civilian uses. And today, more cement is produced with Allis-Chalmers machinery than with any other make.

Allis-Chalmers kilns, coolers, crushers, screens, grinders, motors boost production in *every* phase of cement making.

In fact, Allis-Chalmers' 104 years of broad machine-building experience aids all industries that are working to safeguard your future and protect your good living!

ALLIS-CHALMERS MANUFACTURING COMPANY
Milwaukee 1, Wisconsin



At Left: The Model 480-P with pneumatic tires is only one of the new line of trucks that incorporate many NEW engineering features.

Many NEW Features

- extra heavy duty frame
- drop forge beam steering axle
- full vision instrument panel
- functionally styled cowl
- precision controls in easy reach
- heavy duty hydraulic brakes
- universal joint
- precision mast construction
- super-strength forks
- engineered tire equipment
- one-piece drive axle assembly
- maximum free lift
- hoist cylinder trunnion mounted
- automotive type steering gear
- maximum operating comfort
- all-rubber engine mounts
- heavy, industrial type engines
- forced feed lubrication

TOWMOTOR CORPORATION
Div. 2, 1226 E. 152nd St.
Cleveland 10, Ohio

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"The Star of the Show."

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Company _____
Address _____
City _____ State _____

HOW MANY PEOPLE HAVE YOU TALKED TO ABOUT AMERICANISM TODAY?

the STAR OF THE SHOW!

Now! Mass Handling gets a shot in the arm! Man power gets a big boost in productive efficiency. Towmotor, always the leader, has developed a new line of fork lift trucks that were the hit of the show. This new series includes pneumatic, cushion, and solid tire units, and offers many new engineering refinements to all types of industry to help speed production and cut handling costs. If you did not see this outstanding line of trucks at the 4th National Materials Handling Exposition, write today for a copy of the new brochure, "The Star of the Show."

TOWMOTOR
THE ONE-MAN-GANG®

FORK LIFT TRUCKS and TRACTORS

RECEIVING • STORAGE • PROCESSING • DISTRIBUTION

CLIP THE COUPON and send today for descriptive information on this outstanding new line of trucks. There is a model to help you with your handling jobs.



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BUSINESS WEEK • May 19, 1951



WHERE FLOWERS AND PROFITS GROW

AN APPLICATION OF KELLER AIR TOOLS

The ceramic clay in which this worker is cutting slots will become, when fired, a glazed porcelain flower pot. The "flowers" will be gay-colored plastic spoons with their handles tucked in the slots.

When these flower pots, piggy banks, and other porcelain novelties became mass production items, the manufacturer at first was unsuccessful in applying power tools

to cut the rectangular slots. The tools were either too heavy and cumbersome for accurate manipulation or would fail under continuous operation.

Then production was "Kellerized" . . . standard Keller Pneumatic Pin Riveters fitted with special hairpin-shaped steel blades were successfully applied to the job. They are light and easy to handle, and

workers are always sure of positive, steady, always gentle vibration.

Now slot-cutting proceeds without interruptions due to tool failure. Workers cut more slots per hour, and are less fatigued at the end of the day. Tool maintenance costs have dropped to almost nothing.

Perhaps Keller Air Tools can be adapted to simplify or speed up some phase of your production. Have you asked a Keller sales engineer?



Air Tools engineered to industry

KELLER TOOL COMPANY, GRAND HAVEN, MICH.



Yes,
we said
Dictating
Instrument!

The world's Smallest! Handiest!

Simplest! at $\frac{1}{3}$ the cost!

One to twenty



An Edison first, perfected after more than six years of proof on the firing line! Winning the most sensational acclaim in the history of instrument dictation! Easy to use as a telephone! Complete, remote control by push-buttons! "Delivers" dictation to EDISON TELEVOICewriter at secretary's desk. Cuts cost of instrument dictation *as much as 66 2/3%!*



Edison TeleVoicewriter

The Televoice System

GET THE WHOLE STORY—NOW! Send for this new descriptive booklet. Or, to arrange for a demonstration, call "EDI-PHONE" in your city. In Canada: Thomas A. Edison of Canada, Ltd., Toronto 1, Ontario.

Thomas A. Edison
INCORPORATED



EDISON, 19 Lakeside Ave., W. Orange, N. J.

Okay—send me a LINE ON TELEVOICE.

NAME _____

COMPANY _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

In BUSINESS this WEEK ...

Escalator Trouble

• Government wage stabilizers will jump through hoops to keep from throwing out contracts that call for cost-of-living increases. But how can you have a formula when all the contracts are different? P. 36

Where Do You Stand?

• When you tabulate the salaries of top executives in industry, you find that the old rule still applies: A good man is worth what you have to pay him. P. 38

Army Takes a Powder

• Iron powder, that is. Ordnance is experimenting with powdered iron for several military uses. If the tests succeed, civilian users are going to be in for trouble. P. 33

The Morning After

• Now that the scare buying is over, retail business is right back where it was—except that it has some awkward inventories to digest. P. 103

Those Highballing Railroads

• The darlings of the stock market, they are turning in some mighty pretty earnings now. But are they buying trouble for the future? P. 124

The Devil and the Deep

• With France the geographic and political center of European defense plans, the United States watches anxiously as the Third Force is squeezed between the Communist left and Gen. de Gaulle's right. P. 153

THE DEPARTMENTS

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Seeing is Believing!



EXHIBIT A. Photograph of piston from a test engine operated under extreme conditions for 60 hours with Phillips 66 Premium Motor Oil as the lubricant.



EXHIBIT B. Piston from a test engine operated under equally severe conditions for 60 hours with another brand of oil widely regarded as of highest quality.



EXHIBIT C. Piston from a test engine operated under the same conditions for 60 hours with still another well-known brand of motor oil as the lubricant.

YOU DON'T NEED to be a research engineer to see that Phillips 66 Premium Motor Oil helps keep engines clean. Notice how much less "varnish" has collected on the piston at the left.

Constant research into the needs and behavior of engines is one of the things that has helped make Phillips a leader in the petroleum industry.

One evidence of Phillips leadership is the new Phillips 66 Lubricating Oil

Plant at Kansas City, Kansas. All of Phillips long-accumulated knowledge has gone into this modern plant where fine, selected crudes are turned into lubricating oil of truly fine quality . . . oil which incorporates special additives to help keep your car's engine clean!

A reputation for better quality petroleum products has earned Phillips its position as one of the most important marketers in one of America's most important industries.



PHILLIPS PETROLEUM COMPANY
Bartlesville, Oklahoma

We put the Power of Petroleum at America's Service



INDUSTRIAL EYE ACCIDENT COSTS UP 78½% SINCE 1939



High eye accident costs can affect your operations adversely two ways: (1) They represent an unnecessary cost that inflates your selling price and hence cuts your volume. (2) They lower efficiency through increased unproductive time, idle machine charges, replacing key men with substitutes and by impaired worker morale. All this in addition to the direct costs for first aid and medical care.

Yet unlike other high costs that plague man-

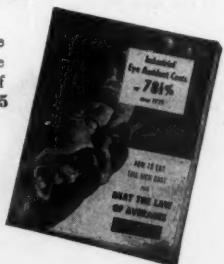
agement today—*these can be cut*. How? By establishing an AO Eye Protection Program which can pay for itself in less than six months' time. Your AO Safety Representative can prove with case histories that an AO Program works — that goggles costing about \$2.30 can save sums up to \$44,000 annually! Ask him to call.

Ask your secretary to write for the FREE booklet on how to cut high eye accident costs and Beat the Law of Averages. ADDRESS—Dept. Cp 15



AMERICAN Optical
SAFETY PRODUCTS DIVISION

Southbridge, Massachusetts • Branches in Principal Cities



BUSINESS OUTLOOK

BUSINESS WEEK
MAY 19, 1951



Business should be prepared for any turn in international affairs—not that volume of output will be changed by anything that might happen, but mental attitudes will.

That's what investors had on their minds this week when they threw stocks on the market. People call these things peace scares. Actually, there's nothing scary about peace.

But victory in Korea would cause a letdown. Wall Street believes it would cause a sharp market break. Hence the rush to the sidelines.

•

Metal markets are as nervous as the stock market.

Users can't get nearly so much metal as they want, true. Yet producers figure an end to the shooting would bring a lot of stuff out of hiding.

•

Manpower shortages are developing less rapidly than expected.

To be sure, unemployment is very low. Note, however, that employment hasn't been rising the last few weeks.

The underlying cause is easy to spot. It's the same one that keeps materials from becoming as tight as many anticipated:

The trend in many industries this spring is slightly downward. Over-all, output from January to April did little more than hold even.

•

Employment in April failed to rise. Ordinarily, you'd look for an increase of somewhat over half a million.

Thus, though 60-million had jobs last month, the trend was wrong.

Actually, there was a drop of nearly 400,000 in nonfarm jobs. The rise of 250,000 in farm employment, too, was below normal.

•

Declining unemployment, in the face of no better than stable employment, is in the nature of a statistical quirk. Unemployment dropped to 1.7-million in April, down 400,000 from March.

Here's the answer to the puzzle: Fewer people were looking for jobs. Some of them, in agriculture, knew they would get work anyhow as weather improved. In industry, they must have been waiting for defense plants to open.

In all, the civilian labor force dropped nearly 550,000 from March to April. Ordinarily, it would have gone up by at least that much.

•

Defense plants, within a year, will need 5-million more hands.

This is familiar. Some 3-million now hold defense jobs. The peak needs still are placed at from 8-million to 8½-million.

Obviously, with the labor pool now a little under 62-million (last year's peak was nearly 65-million), a good many recruits are to be had.

Yet at least 2-million still will be drawn from civilian pursuits.

•

Helpful note on manpower: The armed forces no longer are competing strongly for men. They are close to the 3½-million target. You can tell that from the drop in draft calls to 20,000 a month.

•

Personal income is phenomenally high in view of the business lull.

The latest Commerce Dept. estimate is at a seasonally adjusted annual rate of \$242½-billion. That means a stepup of \$1½-billion so far in 1951 and puts the annual rate \$22-billion ahead of a year ago.

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
MAY 19, 1951

It might be noted, however, that the rate of increase is slowing down. And the attempt to hold wages and prices will curb it for some time.

Farmers will have a good bit more cash to spend this year than last.

This will be true even if crops are no larger than last year (and cotton, for one, will be much bigger). Higher prices tell the story of the farmers' comeback.

In fact, the Dept. of Agriculture figures farm net income should run a good 30% over last year's \$13-billion. And this estimate takes into account the rise in production costs.

Makers of grain-storage bins and crop-drying equipment will enjoy a federally financed market for another year.

The loan programs, to help farmers on purchases, were to expire June 30; now they are extended to mid-1952.

Loans up to 85% will be made on storage structures, 75% on driers.

Weather is improving the prospects of the winter wheat crop.

There have been good rains over most of the Great Plains so far this month. That will boost the harvest where grain wasn't past help.

Thus the government crop report, which was based on May 1 condition, probably is too pessimistic. It put the probable harvest at only 682-million bu., the smallest in many years (page 26).

And even if the crop were not to top that estimate, the winter wheat harvest would be ample for all domestic needs.

That would leave spring wheat to care for exports. And the weather, so far, has smiled on spring-planted grain.

Canada stands to be a big factor in the world wheat market again this year. The crop is now being seeded with moisture conditions substantially better than average in the Prairie provinces.

High domestic consumption and another big export year will bring our cotton supplies to a very low level before picking starts in July.

Last year's crop was only 10-million bales. Home consumption in the cotton year ending July 31 will take almost that amount.

Thus we couldn't have exported at all had it not been for the surplus of 6,750,000 bales from earlier crops. As it is, exports of 4.2-million bales will cut the supply to about 2.8-million bales by harvest time.

That's why the government is calling for a big crop this year.

Foreign production of cotton finally is climbing toward prewar levels—spelling more competition for the U. S. in world markets.

Other countries produced 17½-million bales last year. That compares with the big 1937 harvest of 18.3-million.

If foreign output holds that level and if the U. S. harvests 16-million bales, world supply will top needs for the first time since the war.

Is the market for premium steel fading under government limitations on civilian use? For however much it may mean, two Chicago companies report both foreign and conversion prices down on sheet in recent days.



You can believe this fish story

You expect fishermen to add reasonable inches to their stories — anything, say, up to five feet.

There's nothing fishy, however, about the 150 million dollars they spend on tackle each year.

So a wide-awake manufacturer cast his line into these profitable waters. He developed rubber butt ends which protected the bottoms of expensive fishing rods from being cracked by a bump. Fishermen liked them.

But, in manufacture, the rubber often split. The Wyandotte Technical Service Department was consulted and a new compound formula using Wyandotte Purecal* was adopted. Rejects dropped from over 40% to 1% . . . a true fish story ending happily in profits.

Purecal, so effective in rubber, also has wide uses in the paper, food, and other industries. If you use chemicals, you may well save money by consulting Wyandotte.

* Trade-mark of Wyandotte Precipitated Calcium Carbonate



In Purecal, a unique precipitation method removes the abrasive and discoloring impurities found in ordinary calcium carbonates. Shown here is a vacuum filter wheel which separates the precipitate.

BASIC CHEMICALS BY THE BAG, DRUM OR SHIPLOAD

Wyandotte is one of the world's major producers of organic and inorganic chemicals.

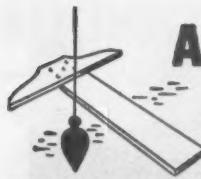
- LOWER SHIPPING COSTS VIA RAIL, WATER OR TRUCK. Wyandotte plants are strategically located at the transportation hub of the Great Lakes.
- UNINTERRUPTED PRODUCTION. Ownership of limestone quarries, coal mines, and salt deposits helps Wyandotte maintain high uniform production.
- SIZABLE SAVINGS. Alert Research, Development and Technical Service mean customer benefits through better products and processing economies.



Wyandotte
REG. U. S. PAT. OFF.

CHEMICALS
WYANDOTTE, MICHIGAN
OFFICES IN PRINCIPAL CITIES

- ORGANICS
- INORGANICS
- SPECIALIZED CLEANING PRODUCTS



Architect-Engineer's choice for Beauty, Long Life, Low Maintenance



New warehouse—Ward Steel Co., North Cambridge, Mass.

When the Ward Steel Company of North Cambridge, Mass., undertook to build the most modern steel warehouse in New England, they called on Waghorne-Brown as designers and engineers. Waghorne-Brown specified rustproof, corrosion-resistant Reynolds *Lifetime* Aluminum Industrial Corrugated for siding. Their reasons were: appearance, long life, low initial cost and low maintenance (no painting)...plus great strength combined with light weight that saves money on framing (see specifications).

Aluminum's radiant heat reflectivity was another deciding factor. On walls or roof, it reduces inside summer temperatures and cuts winter fuel bills. An interesting detail in this building is the contrasting horizontal and vertical application, with aluminum corners and edging. For technical assistance and application details, call any Reynolds Office. Literature on request.

- Offices in principal cities...check your classified phone book for our Building Products listing, or write Reynolds Metals Company, Building Products Division, 2005 South Ninth St., Louisville 1, Ky.

Aluminum is required for planes and other military needs. Reynolds *Lifetime* Aluminum Industrial Corrugated is still produced, but the total supply is necessarily reduced. DO-rated orders receive priority handling.



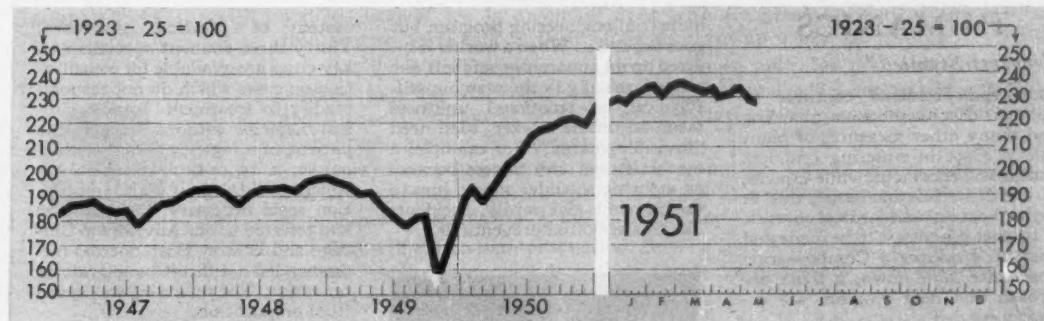
Specifications for Reynolds *Lifetime* Aluminum Industrial Corrugated:

Thickness .032"
Corrugations 7/8" deep, 2-2/3" crown to crown
Uniform load support (roof) 80 p.s.f. on 4' purlin spacing
Uniform wind load capacity (siding) 20 p.s.f. on girt spacings up to 7'9"
Roofing width 35", coverage 32"
Siding width 33-3/4", coverage 32"
Lengths 5', 6', 7', 8', 9', 10', 11', 12'



REYNOLDS *Lifetime* ALUMINUM INDUSTRIAL CORRUGATED

FIGURES OF THE WEEK



Business Week Index (above)

§ Latest Week Preceding Week Month Ago Year Ago 1946 Average

PRODUCTION

Steel ingot production (thousands of tons)	2,077	2,073	2,057	1,931	1,281
Production of automobiles and trucks	158,411	†154,523	162,839	174,480	62,830
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$43,558	\$44,618	\$49,318	\$35,796	\$17,083
Electric power output (millions of kilowatt-hours)	6,567	6,560	6,747	5,864	4,238
Crude oil and condensate production (daily av., thousands of bbls.)	*6,164	6,174	6,120	5,118	4,751
Bituminous coal production (daily average, thousands of tons)	1,612	†1,743	1,752	1,831	1,745

TRADE

Miscellaneous and l.c.l. carloadings (daily av., thousands of cars)	79	80	79	74	82
All other carloadings (daily av., thousands of cars)	55	58	44	50	53
Department store sales (change from same week of preceding year)	+8%	+3%	-9%	-10%	+30%
Business failures (Dun and Bradstreet, number)	181	163	172	217	217

PRICES

Spot commodities index (Moody's Dec. 31, 1931 = 100)	501.6	512.6	516.3	382.5	311.9
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100)	353.9	†358.0	363.3	227.0	198.8
Domestic farm products, daily index (U.S. BLS, Aug., 1939 = 100)	398.6	403.5	407.4	323.7	274.7
→ Finished steel composite (Iron Age, lb.)	4,131¢	4,131¢	4,131¢	3,837¢	2,686¢
Scrap steel composite (Iron Age, ton)	\$43.00	\$43.00	\$43.00	\$32.42	\$20.27
Copper (electrolytic, Connecticut Valley, lb.)	24,500¢	24,500¢	24,500¢	19,500¢	14,045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.)	\$2.40	†\$2.43	\$2.43	\$2.32	\$1.97
Cotton, daily price (middling, ten designated markets, lb.)	45.22¢	45.25¢	45.14¢	32.66¢	30.56¢
Wool tops (Boston, lb.)	#	#	#	\$2.19	\$1.51

FINANCE

90 stocks, price index (Standard & Poor's)	175.7	180.2	175.2	145.5	135.7
Medium grade corporate bond yield (Baa issues, Moody's)	3.39%	3.39%	3.33%	3.25%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	2-2½%	2-2½%	2-2½%	1½-1¾%	¾-1%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks	#	50,163	49,205	46,881	††45,210
Total loans and investments, reporting member banks	#	70,108	69,707	66,401	††11,147
Commercial and agricultural loans, reporting member banks	#	19,186	19,273	13,365	††9,221
U. S. gov't guaranteed obligations held, reporting member banks	#	30,836	30,713	35,899	††49,200
Total federal reserve credit outstanding	23,706	23,724	23,895	17,978	23,883

MONTHLY FIGURES OF THE WEEK

Exports (in millions)	March	Latest Month	Preceding Month	Year Ago	1946 Average
Imports (in millions)	March	\$1,281	\$1,076	\$860	\$811

→ See page 63.

*Preliminary, week ended May 12.

††Estimate (BW—Jul. 12'47, p16).

§Not available.

↓Date for 'Latest Week' on each series on request.

†Revised.

BUSINESS NEWS**HUMANICS****Progress Stymied?**

Industrial accidents continue to happen, despite machine guarding and many other measures of plant safety. Cost in suffering and lost time is still enormous, while expense of accidents has increased, due to higher hospital and medical charges. If further progress is to be made and cost of Workmen's Compensation Insurance kept down, a fresh approach and new program are urgently needed.

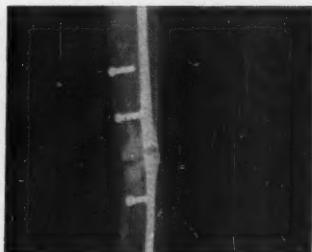
A New Concept

HUMANICS is a new concept of loss control in industry, including all activities designed to prevent accidents and reduce suffering and loss when accidents do occur. Object: to keep men from being hurt, to return them to work earlier if they are hurt, to rehabilitate them if they are badly hurt. **HUMANICS** is the science of saving through safeguarding human values. It coordinates industrial engineering, medicine, hygiene, medical research, rehabilitation and other sciences in one comprehensive program to reduce loss by helping human beings live and work more effectively.

"Invisible Guards"

HUMANICS includes the standard

industrial engineering program but goes beyond it. When a worker is injured on an apparently safe job, the cause is usually in the man himself. Physical or emotional unfitness mean an unsafe worker. Men need "invisible guards". For example, a machinist lost two fingers because an arthritic shoulder caused him to use his hands awkwardly. Accidents like this are often preventable.



The leg that wouldn't behave

Bitter Pill for Three

Industrial injuries are painful to the individual, costly to the employer and wasteful to the nation. To reduce this triple cost, the finest medical care is usually the most economical. Under its **HUMANICS** program, Liberty Mutual Insurance Company has set up with professional cooperation and approval a

system of **Medical Advisors**. Thirty-three eminent specialists in key cities are available for consultation on cases which do not respond readily to treatment, furnish clinical medicine without bringing the patient to a big-city clinic. For example, a twice-broken leg injury which wouldn't knit made amputation seem necessary, but the case was referred to our Advisors in Chicago and Boston. Both doctors recommended a difficult bone-grafting operation. The man's leg was saved from amputation.

Hope for the Helpless

HUMANICS includes restoration of crippled workers to the greatest possible measure of normal living and self-support. Under medical direction, the Liberty Mutual Rehabilitation Center in Boston achieved outstanding results through physical and occupational therapy and research in the improvement of artificial limbs. Hundreds of seriously injured workers have been restored to self-supporting lives through techniques developed there and available through auxiliary services in every part of the United States. A new Rehabilitation Center has just been opened in Chicago.

Everybody Wins

For workers, **HUMANICS** means safer, more secure lives. For the country it conserves manpower when every worker is needed on the job. For employers, **HUMANICS** reduces loss and expense in many forms—including the cost of Workmen's Compensation Insurance. **HUMANICS** equals Economics.

HUMANICS is a company-wide activity with Liberty Mutual. The prevention of loss is not a departmental function; it is our basic business. The program is available to all industrial policyholders.

Check Your Own Program

"**HUMANICS: A new Concept of Loss Control in Industry**" is a new book describing five ways in which **HUMANICS** reduces the cost of Workmen's Compensation Insurance, increases productivity and improves employee relations. A request on your business letterhead will bring you a copy without charge. Address Liberty Mutual Insurance Company, 175 Berkeley Street, Boston 17, Mass.



The twinge that caused a tragedy

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
MAY 19, 1951



Inflation warnings out of Washington are a bit on the loud side. Truman and his leaders are in an uphill fight with Congress on controls, so are resorting to scare talk in their effort to drum up votes.

But it isn't all propaganda. Most evidence indicates that the current softness in prices and retail sales is temporary and will disappear this fall and winter. Government actions—some dictated by defense needs, others by politics—practically guarantee this:

Government demand for metals is mounting. Orders placed last fall and winter now are chewing up the raw stuff at a rising rate. Another wave of orders will come after midyear, when new billions are voted.

This will cut civilian production. Auto output is tapering right now, for example. And deeper cuts in metals for autos and other hard goods for civilians will come after midyear.

Government spending adds to income. It builds buying power—hence the demand for goods—at the same time that it slices the supply of goods.

That sets the stage for inflation—rising consumer buying power and a shrinking supply of goods in the marketplace.

Whether inflation gets out of hand will be up to Truman. Cutbacks in civilian goods will be sharp in some lines (though over-all, the take for defense probably won't be more than 20% to 25% of national output). Congress will continue economic controls in some form. So the value of your dollar six months or a year from now will depend on how well Truman handles the controls and other anti-inflation devices.

•
Business gains in the last half of this year are expected to be sharp. Here's a consensus, gathered from economists in many agencies:

Industrial production, measured at 222 on the April Federal Reserve Board index, will go over 230 by October and then hit 245 (near the World War II peak) late this year or early next.

Gross national product, a measure of over-all activity, will rise from the first-quarter rate of \$314-billion to \$325-billion in October and then to near \$340-billion around yearend.

Wholesale prices, now around 183.5, will remain fairly stable until late fall. Then the uptrend will be resumed.

Consumer prices, now about 185, will gain only 2% to 3% by fall, then climb more rapidly early in the new year.

Weekly wages in manufacturing, now averaging near \$65, will hit \$68-plus by fall.

Nonagricultural employment, 53.4-million in April, will mount to 54.3-million late in the year.

•
Wage control is the weakest spot in the inflation fight. The unions have had their way pretty much with stabilizer Johnston, who takes his cue from Truman's policy of "tough on prices, easy on wages."

Industry is preparing to make more of a fight. Industry men on the Wage Stabilization Board will be coached on wage issues by a special group of researchers provided by the National Assn. of Manufacturers and the U. S. Chamber of Commerce.

•
Material controls will tighten up July 1, when CMP gets rolling. Watch for an order cutting civilian use of steel in autos, appliances, etc., to 65%

WASHINGTON OUTLOOK

(Continued)

WASHINGTON

BUREAU

MAY 19, 1951

of 1950. Wilson O.K.'d it, even though it will mean shortages (page 21).

The tax rise is shaping up. But it won't be fully effective this year. The House Ways & Means Committee's bill is tentative, subject to revisions by the full House, the Senate Finance Committee, and the Senate itself. However, the committee's decision to try for a boost of some \$7-billion gives you a pretty good idea of the way the tax wind is blowing.

Individual incomes will be nicked sharply, with a \$3-billion rise. That means three extra percentage points in each bracket.

The effective date probably will be Oct. 1, which means the rise will catch only one-fourth of your 1951 income.

Exemption of profits from sale of a home probably will be allowed when the proceeds are used to buy another home.

Excise tax rises on a long list of items will start in the fall. Already ticketed for higher rates are liquor, beer, wines, new autos, home appliances, and cigarettes. In all, there'll be about \$2-billion more of excises.

Corporation tax rates would be raised to 52% by the House Ways & Means Committee bill. That's a jump of five percentage points, but the rise won't apply to more than half of this year's profits.

The excess profits tax probably will be left unchanged at the 30% rate. However, the ceiling of 62% on the total tax take (regular and EPT) out of any company will be boosted to 67%.

Another tax rise next year? There's no way to tell, of course. Too much depends on Russia. However, House Ways & Means members feel that, unless the world situation worsens, the \$7-billion rise should be enough to tide the Treasury over until 1953. They figure it this way: The Treasury will have a surplus of some \$4-billion when this fiscal year ends June 30. That, plus the tax rise now in the mill, should avoid any big deficit until after the elections are out of the way.

National Production Authority Chief Fleishmann may move up a step on the mobilization ladder. He's being pushed to head the Defense Production Administration—take over the job Harrison left.

Weinberg's resignation (health) finishes off the old Wilson team—Wilson, Weinberg, and Clay. But Gen. Clay may be back in the fall.

Price Boss DiSalle is becoming weary of Washington's high pressure. He may leave around yearend to try for governor of Ohio in 1952.

Defense Secretary Marshall will resign when the Far East fuss dies. He took the job temporarily when Johnson was fired and is showing wear.

Symington of the RFC may be Marshall's successor. He wants the job and stands high with Truman.

Acheson is done for and will go as soon as the heat is off him. Democrats tell Truman he can't carry the Acheson burden in an election year.

The MacArthur issue is losing some of its heat. It still provides a rallying point for Truman critics on domestic as well as foreign policy. But note how the Republicans at Tulsa refused to embrace MacArthur—either his plan to win in the East or the man himself as a 1952 candidate. Many in the party fear MacArthur. They consider him a useful stick with which to beat Truman. But they are off him politically.

It looks more and more like a Taft-Dewey contest in the GOP.



TURNING MOUNTAINS INSIDE OUT . . .

at the rate of 4,000 tons a minute!

Only America has a coal industry capable of turning out so much coal, so fast—at the rate of 4,000 tons a minute. That adds up to the tremendous total of *2 million tons a day!*

That's *twice* as much coal a day as all the British mines turn out.

That's *three* times as much coal a day as slave labor gets out of the government-owned mines of Communist Russia.

That's producing coal at a rate-per-man, *4 to 24 times* that in *any* country in Europe or Asia.

How can America's coal companies do it?

The productivity of American mines has climbed steadily with the ever-increasing use of machinery. Today, 98% of all American coal is mechanically mined—

and about 75% is mechanically loaded. Today, output per man is more than 30% greater than in 1939! *This is one of the greatest efficiency increases in American industry.*

Not only do America's privately managed coal companies produce *more* coal—they produce *better* coal, too. Giant preparation plants now turn out a coal that, when used under an up-to-date boiler, yields *three times* the energy produced only a few years ago.

Now—when the job of rearming calls for more and better coal—the nation's privately managed coal companies are operating at the highest level of efficiency ever. *America will get all the coal it needs!*

BITUMINOUS COAL INSTITUTE

A DEPARTMENT OF NATIONAL COAL ASSOCIATION

WASHINGTON, D. C.

FOR NATIONAL DEFENSE FOR PEACETIME PROGRESS

YOU CAN COUNT ON COAL!

More units

at lower cost... it's being done!

JUST ONE CASE IN POINT — A well-known Western New York manufacturer.* Rejects running high in machining pinion gears. After plant analysis by skilled Texaco Lubrication Engineers and a change to Texaco Cutting Fluids . . . 30% fewer rejects plus better finish. So — more units at lower cost.

THE TOUGH JOBS GO TO TEXACO! For instance . . .

more stationary Diesel horsepower in the U. S. is lubricated with Texaco than with any other brand.

ONE PURCHASE AGREEMENT will bring this stepped up production to all your plants, wherever located. Call the nearest Texaco Distributing Plant or write The Texas Company, 135 East 42nd Street, New York 17, N. Y.

*Name on request



THE TOUGH JOBS GO TO TEXACO

TEXACO
INDUSTRIAL LUBRICANTS



Confused, Indignant, and Bereft

- Manufacturers near deadline for new price lists with no clear idea of whether they'll have to roll back or increase.
- Many don't understand manufacturers' price order, can't see how it can be made to fit specific industries or companies.
- They look on amount of paper work as imposition, feel it's nearly impossible to finish calculations by May 28.
- Profits, they think, will suffer as costs edge up while their prices remain pegged.

Next week, on May 28, U.S. manufacturers have a date with a pricing deadline. Without doubt, it is one of the least wanted appointments ever.

To most businessmen, it is the start of a two-year squeeze on profits. The General Manufacturers' Price Regulation, CPR-22, which requires them to work out new prices from a pre-Korea base, will eventually be replaced with regulations tailored to specific industries. But all these orders will work on the same principle. And all of them will continue as long as controls are needed—1953 at the earliest.

Sum it up, and the outlook is this: Profits will begin to suffer. Not so much now—for initial rollbacks under the price order won't be great. But in six or 12 months, as costs continue to creep up, the effects will show.

• **Homework**—This week, though, the problem for businessmen is not profits tomorrow. It is mechanics today, the mechanics of the price order: how to compile the data they must submit to the Office of Price Stabilization.

This is what complicates it:

- Confusion. A great many companies simply do not understand the order and what Washington wants. In Albany, New York, eight out of 20 people that a **BUSINESS WEEK** reporter queried about rollbacks asked him if he knew anything about the regulation.

- Time. Hundreds of companies have upwards of 30,000 items to price. At best, they've had a month to figure through the complex formulas of the order. Haste has added to the confusion.

- **The Order**—OPS announced the manufacturers' price order on Apr. 25.

It requires some 75,000 companies to file new prices with Washington by May 28. The basis is pre-Korea prices plus increases in factory payroll up to Mar. 15 and increases in material costs (for most materials) up to Dec. 31, 1950. Higher overhead doesn't count. Neither do changes in labor and materials costs after these cutoff dates.

Once a manufacturer completes his calculations, his new prices remain frozen for the duration, unless:

- (1) His firm has operating losses, or
- (2) His industry—as a whole—shows pretax profits short of 85% of the average for the best three years of 1946-49.
- **Effect**—The initial effect of the order on prices is likely to be small. It's still too early to tell just how many rollbacks or increases will result; the manufacturers themselves don't know. But economists are figuring the average for all companies probably won't change more than 3% either way.

When a supplier drops his price, the company he sells to will eventually have to reflect the lower cost in a new price to be filed sometime this fall, when OPS brings out amendments to the present order. There'll be some increases this way, too. Thus the prospect is that by September or October manufacturers' prices won't be too different from what they are now.

- **Squeeze**—But costs will be. The sixth round of wage increases can't be figured in the present price calculations. Neither will administration, research, and other overhead expenses.

Thus the squeeze—though it may be gentle—will be on profits. The earnings formula for price relief makes that certain.

In a boom period operating losses will be few. Further, though some companies may be earning less than 85% of their base period profits, it would be hard to find an industry that is. In the fourth quarter of 1950, pretax profits of all manufacturing corporations were 160% of profits in the fourth quarter of 1948, the best three months in the 1946-49 period. Final figures for the 1951 will be even higher.

So the prospect is that the vast majority of companies will be in no position to ask for price relief. A few minor industries may be eligible, but that's all.

- **Writeoffs Help**—Oddly enough, one factor that could put a company in line for price relief is the government's own quick amortization program. Depreciation is one of the overhead costs outside of the pricing formula. Writing off a big new plant in five years might shift enough income out of profits and into costs to make a borderline company a price-relief case.

- **Confusion**—“Certainly businessmen are confused about the manufacturers' price order,” a high OPS official said this week. “They're confused when the order requires rollbacks. But where it permits price increases, they don't seem to be having any trouble understanding it.”

Qualified or not, there is no doubt about the confusion. The most common complaint is that “this kind of order doesn't fit an industry such as ours. There are just too many special cases, and we can't be sure just how we should interpret the general language of this thing.”

- **Too Much Work**—Beyond befuddlement, there is plain indignation. “It seems impossible any government can demand this,” a Seattle manufacturer said. “If we have to go through all the gyrations they ask, we will be two years computing.” Many companies consider the bookkeeping job insurmountable. They cite the fact that all their clerical people have been working overtime for weeks and that they are still far from getting any complete set of figures. Again and again, industries say that the May 28 deadline is impossible, that there will have to be a general extension.

In several cities, manufacturers com-

plain that the order didn't get into their hands until two weeks after it was issued. OPS, however, says that all regional and district offices had copies. Work kits went out from Washington two days before the order was announced.

• **How Many?**—At this stage, it's impossible to tell how many rollbacks or increases will come out of the order. Most companies throw up their hands, say simply they might know by midnight, May 27. OPS says that, out of several thousand forms received so far, only about 3% show price hikes. Most of the rest call for rollbacks.

Of the few manufacturers who will predict rollbacks now, one is particularly frank. He says he played it smarter than he realized last summer when he boosted his prices 15%. Now he will roll back 15%, but will add a lot of increased costs since June. The net cutback will amount to about 2½%, so he won't be hurt at all.

PanAm and Grace Split Over Panagra

Pan American-Grace Airways has no official president this week. Panagra's stock is owned 50-50 by Pan American World Airways and W. R. Grace & Co.; each elects four of the eight directors. And last week, in trying to elect a president for the coming year, the board split four to four, strictly along party lines.

Until this deadlock is somehow resolved, Andrew Shea, vice-president of Grace, will stay on as president.

• **Family Squabbles**—Behind this tangle lies a long history of family squabbles between Panagra's two parents. The line was set up in 1928, when Pan American wanted to fly down the West Coast of South America. The Grace Line had a firm hold on the area with its steamship service, hotels, weather services—and contacts. So PanAm proposed the joint venture, and Grace agreed.

The partnership has never been too happy, mainly because the two parties never got together on a solid definition of Panagra's place. PanAm saw it as "an integral part of the PanAm system," with Grace handling South American bookings and other business; Grace figured it was just an independent airline.

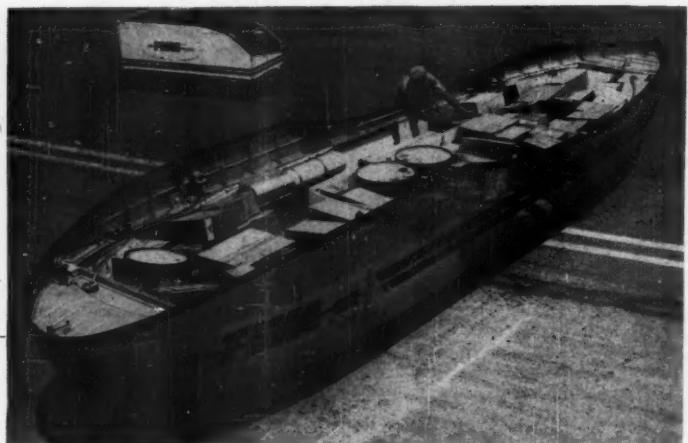
• **Interchange Agreements**—What brought this family fight out in the open was the question of interchange agreements. PanAm has always wanted a direct line into New York. Grace wanted Panagra to have that route. A solution seemed to appear when National Airlines hit the financial skids a few years

back. PanAm, Panagra, Grace, and National drew up six interlocking agreements. These agreements would have given Pan American and Grace stock in National, brought both PanAm and Panagra planes into New York over National's route.

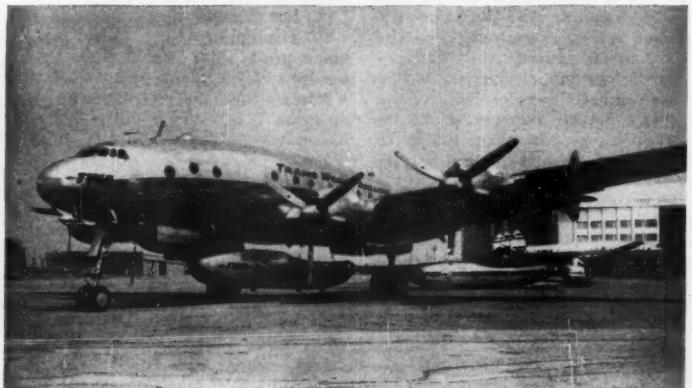
Last December, with National out of the financial woods, the deal fell apart. So PanAm negotiated an interchange agreement with Eastern Air Lines—subject to Civil Aeronautics Board ap-

proval. And Panagra's president, Shea, asked CAB approval of the Panagra-National interchange. The board did approve it tentatively.

• **Protests**—But immediately PanAm, which may wait up to two years for CAB approval of its deal, filed exceptions to the ruling. That means that the one certain thing in the whole mess is that it will wind up in court if the board sticks to its original approval of the Panagra-National interchange.



Lockheed Builds Large Cargo Pods...



Designed to Increase Connie's Payload

Now that Lockheed Constellations have been certified for higher gross weights, airlines are making use of a cargo carrier, called Speedpak, that Lockheed developed back in 1945. Well before the flight is ready they can load up to four tons of cargo in the pod, then roll it out on its own wheels and snug it up under the plane's belly using the pod's own winches.

Lockheed says the extra bulk of the carrier has little effect on cruising speed and increases fuel consumption by only about 4%. The extra payload more than makes up for the slight increase in operating cost. Lockheed says six airlines have Speedpaks in stock—TWA, Eastern, Chicago & Southern, KLM, Quantas, and Air France.

Tough Deal for Civilian Producers

Third-quarter CMP planning has changed, means business. Metal users will be limited to 65% of 1950.

CMP will go into effect July 1—and that's no surprise.

But the CMP that goes into effect will be a real allocation program—a tough one—for steel, copper, and aluminum. It will not be the dry run everyone in and out of Washington has been expecting.

That is a surprise. It's good news for munitions producers, but it's the worst kind of news for manufacturers making consumer hard goods.

It means they will be forbidden to use metal faster than 65% of their 1950 consumption. And to many of them it means they won't be able to lay their hands on enough metal to do even that.

• **Hot Fight**—That's getting down to brass tacks on CMP a lot sooner than most of industry—and many of the controllers themselves—expected. It took one of the hottest fights Washington has seen in years to bring it about. Here's how the row developed:

Until two weeks ago, most of the controllers expected CMP to be a weak-tea version of the World War II original in the July-September quarter. The Defense Production Administration's Requirements Committee, then still just a paper organization, would simply approve all the DO-rated orders on which manufacturers were already working as of July 1 and give them allocations for the steel, copper, and aluminum required to fill those orders.

This procedure was adopted by William H. Harrison before he retired as administrator of DPA on May 1. Harrison had good reasons. Some of the CMP forms to be filled out by industry had been delayed. The Requirements Committee could make only an educated guess at the metals requirements of some essential production until all the forms had been screened. Obviously, there was little chance this job could be done by July 1.

In addition, the wrangle over how much of industry would qualify for CMP allocations still wasn't settled. The only standard was that consumer durables would not get metals allotments. But that left a lot of industries, from baby buggy manufacturers to sporting goods makers, claiming essentiality. It looked as if the simplest solution was to start out with only the production that had already qualified for DO priorities.

In effect, this would have meant that CMP would have existed during its first quarter only in name. The old National Production Authority system of DO priorities would have to meet all new

materials requirements of the expanding military and supporting programs.

• **As Usual**—The Harrison plan promised little help to defense production. But it looked like three more months of business as usual to makers of consumer durables, especially auto and appliance producers.

It's true that auto and appliance makers already have had their use of steel cut to 75% of 1950 levels. And even without CMP, the percentage almost certainly would have been cut more. But the important thing is that autos and appliances have been able to get their allowed percentage of metal through normal supply sources. Many defense producers have had more trouble finding metal than big civilian manufacturers—even with priorities.

But a tough CMP will reverse this situation. The defense contractor will have an allocation requiring a specific supplier to meet his metals demands; he'll get the metal. This inevitably will cut in on the regular sources of consumer goods manufacturers, forcing them to scramble even for their permitted share.

• **Reversal**—It was NPA Administrator Manly Fleischmann, who reversed the plan. He was sure that if military contractors had to rely for another three months on no more than was already scheduled for them at the mills, on just the purchases they had been able to make on the strength of their DO-rated orders, military production would bog down.

Fleischmann knew that even NPA directives—one-shot super-priorities—had failed to get materials for several military projects of considerable urgency. Many manufacturers were simply swamped already with DO-rated business.

So Fleischmann appealed to mobilization director Wilson. In the end, Wilson agreed.

So Wilson ordered DPA to screen all claims for allocations, using the best available information in cases where exact requirements were not available. Adjust the allocations later on, he directed, if that turns out to be necessary after the CMP reporting forms have all been returned by industry.

• **Fundamental**—Wilson made one other basic decision. He set the level of the civilian economy.

Before the Requirements Committee could start parcelling out metal among essential users, someone had to decide on the division of the total supply be-

tween military and civilian needs. For a while the feeling had been that that would have to be a White House decision.

In the end, Wilson made it. The planners were to leave civilian metal-using industry only enough to support production at 65% of the 1950 rate. The rest is for military and "supporting" production.

• **Scramble**—As soon as Wilson had made his basic decisions, he notified the nation's steelmakers their order books would be frozen as of July 1. The warning had to come by May 15 because steelmakers need 45 days lead time in order to change product mixes. DPA was to follow through late this week by telling steelmakers the actual requirements of the allocations programs.

The Wilson order caused a scramble at DPA and at most of the other agencies responsible for materials production.

DPA's Requirements Committee, headed by Charles E. Wampler and consisting of representatives of all claimant agencies, was hurriedly organized and put to work. The claimants called in—there'll be more later, it is expected—included federal agencies that set the operating goals for civilian requirements, construction, farming, essential foreign needs, military production, mining, petroleum, public utilities, transportation.

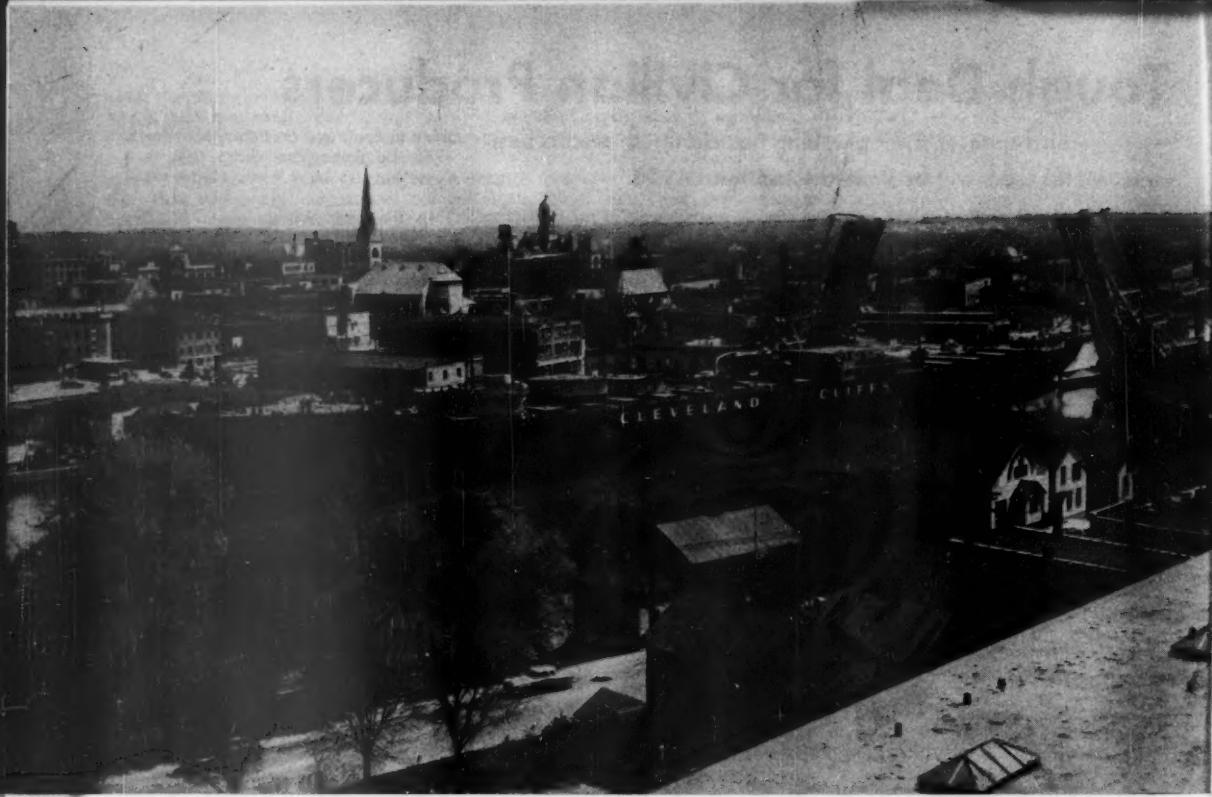
• **Impetus**—The whole thing was a victory for Fleischmann, and it has won him a reputation as the strongest man, under Wilson, in mobilization. That gives impetus to the move to put him in Harrison's old DPA job, now held by Acting Administrator Edwin T. Gibson, who wants to quit.

AEC Lets Industry Study Power Reactor

After months of deliberation, the Atomic Energy Commission has decided to let four industry groups in on reactor development projects.

One group made up of Pacific Gas & Electric Co. and Bechtel Corp. of San Francisco has just signed up with AEC, and another made up of Monsanto Chemical Co. and its associate Union Electric Co. is expected to join any day now.

AEC has already signed agreements with two other groups: (1) Detroit Edison Co. and Dow Chemical Co.; and (2) Commonwealth Edison Co. and Public Service Co. of Northern Illinois—both of Chicago. For the present, only these four groups will be considered.



JOLIET, ILL. It was a tight squeeze all the way for the 620-ft. Cliffs Victory, a wartime freighter turned Great Lakes ore carrier, as she snaked up 1,500 mi. of inland waterway from New Orleans to Chicago.

Warping an Oreboat Across Country



NEW ORLEANS A pause to pick up provisions.

It was about the longest way 'round. When Cleveland Cliffs Iron Co. wanted a new ship to move ore from its mines in northern Michigan to down-lake ports, it bought a war-surplus Victory from the Maritime Commission. The ship was in the James River in Virginia. It had to be completely converted from a sea-going dry cargo carrier to a lake-going bulk carrier. That involved, among other things, lengthening the ship by 165 ft. Then it had to be tugged around Florida, across the Gulf to New Orleans, and warped up tortuous inland waterways to the Great Lakes. Clearances on this last lap of the trip were so tight that the procedure got to be known as Operation Shoehorn.

But it was undoubtedly the shortest way home. For Cleveland Cliffs expects to have its converted Cliffs Victory in service by June 10—at least 18 months ahead of the time it could have expected to get delivery on a new ship.

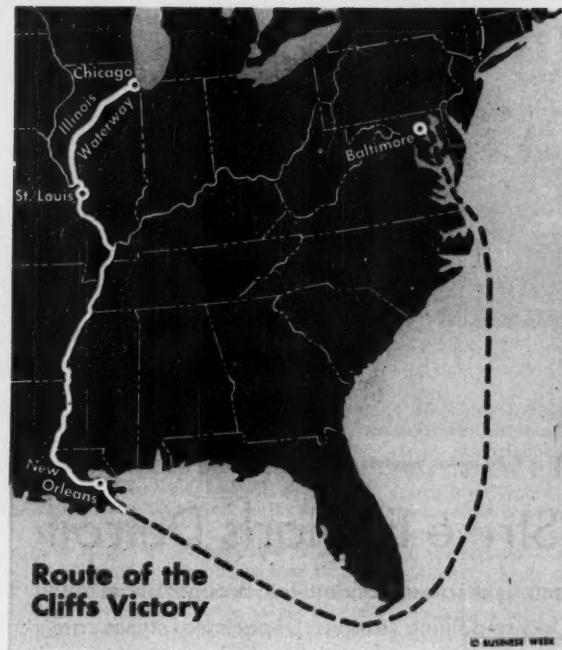
What's more, the converted Victory will be the fastest bulk carrier on the Lakes. Moving at 18 mph. loaded, she will have delivered about 400,000 gross tons of ore to down-lake docks by the

time the shipping season ends this fall.

• **Is It Possible?**—That's a convincing argument in favor of buying and converting a mothballed ship on the East Coast. But it's one that H. L. Gobeille, manager of Cleveland Cliffs' marine department had a tough time selling when he came up with the idea last year.

The first thing was to make sure it was physically possible to tow a 620-ft. hull, drawing at least 9 ft. of water, up through all the locks and bridges of the Mississippi and the Illinois Waterway to Chicago. When Army Engineers assured Gobeille it was possible, he had to argue officials of Bethlehem Steel's Key Highway shipyards in Baltimore into taking on the tough conversion job and convince his own company that it was worth the expense.

• **Insurance**—One of the hardest jobs for Gobeille was getting insurance against marine hazards on the risky trip up the inland waterways. It looked for a while as if the whole project would have to be canceled; no U.S. insurance company would underwrite the venture by itself, and the British underwriters were very hesitant. Cleveland Cliffs

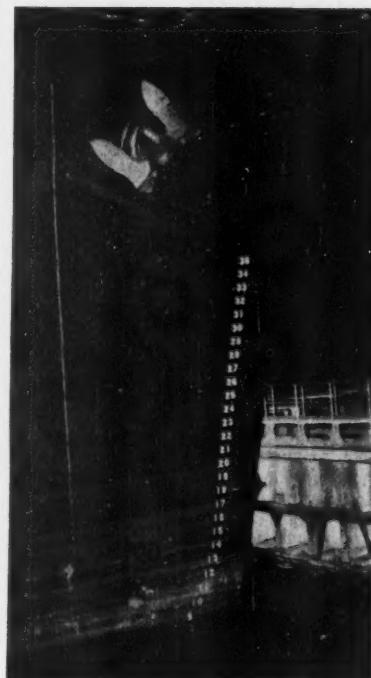


© BUSINESS WEEK

3,100 MILES The round-about trip from Baltimore to Chicago took from Apr. 2 to May 9 and cost \$300,000.



ST. LOUIS Barges lashed alongside kept the high-riding hull steady as she passed under Eads Bridge.



ALTON, ILL. Not an inch to spare in locks on Ill. Waterway.



CHICAGO

Cliffs Victory got through double bend in the Chicago River at Van Buren St. without a hitch. But it ran into trouble at the lake locks.

finally got \$5-million coverage from a combination of brokers in London and the U.S. But the rate was exceptionally high.

• **Refitting**—The biggest part of the conversion job involved cutting the old ship through the middle and inserting a new 165-ft. midsection. Masts, rigging, and cargo hatches that are conventional on salt water ships were removed and replaced with hatches and ore bulkheads that fit ore unloading machinery. Pilot house and master's quarters were moved up to the bow of the ship. In all, it will have cost Cleveland Cliffs \$3-million to revamp the ship. It cost the company only about one-third that much to buy her from the Maritime Commission.

Bethlehem Steel also took on the tricky job of delivering the lengthened hull to Chicago. To ready it for the trip, much of the superstructure was removed from the main deck and stowed in the holds. And steel blisters (pontoons) were welded temporarily onto the stern. By flooding or emptying these, the hull could be made to draw as much as 17 ft. or as little as 8 ft. of water, enabling it either to duck under bridges or float over shoals.

• **So Near, So Far**—With the help of careful planning and a little good luck, all went well until the Cliffs Victory came to within the last 10 ft. of its 3,000-mi. trip. Then she ran into serious difficulty that almost wrecked the venture.

To get into Lake Michigan from the Chicago drainage canal the 620-ft. ship had to go through locks that were only 600 ft. long—a difficult feat at best. Usually these locks are flooded with a foot and a half of water to raise ships to the level of the lake. But in this case, the locks couldn't be flooded because the rear gate couldn't be closed; the stern of the Cliffs Victory was sticking out 20 ft.

The plan was to open the front gate a crack and try to pull the ship through the wall of water that would pour in, using the ship's own winches and some pushing tugs for power. But a foot and a half of Lake Michigan is a lot of water. It boiled in, forcing the Cliffs Victory's bow back and snapping two of the wire winch lines. There was the Cliffs Victory approximately 10 ft. from its goal, and stuck.

More lines were run out. The winches whined, the diesel tugs gave all they had, the gates were opened 2 in., and this time the ship did move, very slowly at first, but enough so that the rear could be closed.

• **Final Fitting**—Now the Cliffs Victory is at American Shipbuilding Co.'s yards for final fitting. She's scheduled to take on her first load of ore at Marquette could be closed.



SHIFT CHANGE at Ford makes hopeless mess of plant's main thoroughfare.

Transit Strike Ensnarls Detroit

Traffic jams have raised accident toll, brought boom business to parking lots and filling stations. Department stores campaign for phone orders from strike-bound customers.

Rarely has a major American city been in the fix that Detroit has lived with for the last month. In the small hours of Saturday morning, Apr. 21, the Amalgamated Street & Motor Coach Operators Union (AFL) suddenly pulled its men off the job. It was the beginning of a strike that has completely paralyzed the public transportation of the nation's fifth-largest city.

• **Walk or Drive**—The city of Detroit is spread out. With no subways or els and few express buses, many people rely on private cars to get around. Despite this, the streetcars and buses of the municipal Dept. of Street Railways are heavily used.

Once this public transportation was cut off, practically all of Wayne County's 800,000-odd passenger cars were pressed into service. The first result was an outlandish traffic jam on the main streets. But even with all the cars, absenteeism in offices and factories ran above normal during the first working day of the strike, Apr. 23.

• **Rules by the Board**—By the next day, ordinary traffic rules had been swept overboard. Parking was allowed at all bus stops and in every other no-parking area available. Curb parking time was extended to unlimited duration; red flags on recently installed parking meters meant nothing. Downtown parking lots with moderate daily rates were filled solidly by 8:30 a.m.

In the first three weeks of the strike, city rush-hour traffic was 35% greater than in the three weeks before. The acci-

dent toll for the period was up from 3,409 to 4,201. A breakdown shows a heavy increase—23%—in property damage accidents, attributed to the slowdown caused by the congestion.

• **Effect on Stores**—Downtown stores have all been hard hit. During the first few days of the strike, business volume fell off 50%, 60%, and 70%. Later it stabilized at somewhere around 30% of normal for four days out of the week. Stores began staying open two nights a week, which about made up for losses during regular shopping hours on the other days. One huge parking lot, used principally by shoppers, has been parking about 75% of capacity; ordinarily it turns over about twice its capacity in a day.

Stores enlarged their order-by-phone facilities and began to do their heaviest business in history via telephone. J. L. Hudson Co., Detroit's largest store, took two hours of television time each afternoon for displays of merchandise—one piece after another, described carefully. Results were reported excellent.

Newspaper advertising became more explicit, the department stores leaning toward the Sears, Roebuck catalog technique. The idea was to give full descriptions of products to make telephone ordering easier.

• **Late and Absent**—In the factories, tardiness jumped during the first few days of the strike; absenteeism went up a little—to an estimated 5% or 6%, compared with a normal 3% or 4%. Within a day or two, however, both ab-

sentiment and late arrivals dwindled to normal levels.

The city's taxicab fleets have been doing a land-office business. Receipts during the daytime are about double normal. In the evening, however, they slip off.

• **Banks and Gas Stations**—Bank business shows a big jump in bank-by-mail service. At downtown banks, business over the counter is off as much as 75%. One bank reports deposits by mail are up 100%. But there is no marked rise in checking-account applications.

Gasoline stations downtown show a sizable increase in sales—up to 25%. Stations farther out, though, report no more gain than the normal seasonal climb. The obvious explanation is that the family car now goes downtown every day instead of being used for marketing and the other household chores.

• **Jobs Unchanged**—Aside from the strikers themselves and the other transit workers who were laid off, the tie-up has had very little effect on the employment patterns of the city. Downtown store employers are apparently reluctant to let many people out, in spite of the slower business. One factor is that they fear they won't be able to get people back; another is the day-to-day hope that the strike will be settled.

• **Changes to Stay**—Throughout the city, the guess is that some of the changed habits brought on by the strike will last beyond it. For one thing, traffic on the buses and streetcars will probably drop off permanently. One taxi driver said: "This morning I took five girls living within three blocks of each other to their jobs in the General Motors Building area. They all got door-to-door service, and the tab was 75¢—exactly what it would have cost the five of them on the streetcar. Do you think they'll go back again to those crowded cars?"

Ride-sharing pools at the factories are back on a scale unequaled since World War II. There probably will be some carryover of this.

• **Strike Continues**—Meanwhile, early this week the strike itself continued in full force. Briefly, these are the issues:

The streetcar union originally wanted a 25¢ blanket raise, but whittled it down to 7½¢ just before the strike began. The city offered 5¢, with the proviso that many fringe benefits be waived.

The union replied that this was no offer, that the fringes were worth 5¢. Once the strike started, the argument shifted mainly to the effect of the state's Hutchinson Act, which resulted in discharges for all strikers. Under the act, utility strikers in Michigan sacrifice their pension, seniority, and other rights, and, if they return to work, go back as probationary employees on a pay scale that cannot be improved for one year. As the strike goes on, the Hutchinson Act looms as the largest barrier in the way of a settlement.

Labor Crisis—Clerical

There's a more acute shortage of secretaries, stenographers, and typists than of machinists in some areas. Government competition has boosted their pay.

At least a part of the dream of the average clerk has finally come true. All of a sudden, after years of being considered the most expendable item in the average office, he has become more important than a vice-president. For there is a more serious shortage of clerical help right now than there ever has been before.

• **Beating the Bushes**—Last week everybody was out beating the bushes for clerks, stenographers, bookkeeping-machine operators, and so on. Leading the search is the federal government, which has hot-shot recruiting teams touring the country to find clerical help. These teams call on colleges, business schools, and secretarial schools to sell prospects on the beauties of working in Washington.

They have a lot of lures that private industry has a hard time matching. Typists with no experience and stenographers just getting out of school start at \$2,650 a year in Washington—more than private business pays, on the average. A college girl with four years experience gets the best break of all: Some are making up to \$6,000 in the Defense Dept.

• **Vacations and Leaves**—On top of that, recruiting teams point out that government workers get 26 days paid vacation a year, plus 15 days of sick leave with pay. Further, they push the glamour of working in Washington (which works wonders with some girls from small towns, leaves more sophisticated girls cold). Finally, they meet questions about places to live by guaranteeing girls a room for the first week, plus a helping hand at finding permanent housing.

The salesmanship is working; the military are bringing in girls daily. But they claim that more are still critically needed. In addition, many government agencies need stenographers and typists in various procurement offices around the country.

• **Competition for Business**—All this, of course, means that private industry is having to hustle to get clerical help for its expanding activities. As a result, some clerks are getting a good break paywise. Salaries have gone up from 15% to 20% in some places just within the past six months.

Government recruiting isn't all milk and honey; teams often find that most local prospects have already been snapped up by private industry. Recruiting teams no longer call in St. Louis, for example. They just can't find anyone.

Private industry and local government offices got there first.

• **Into the Woods**—As a result, the Washington recruiters have fanned out into the more rural areas of Oklahoma and Arkansas. In St. Louis, girls can do well right in the old hometown now. Private industry is offering secretaries \$200 to \$250 a month—up 15% over what it was giving six months ago.

That's because it's so hard to get such help. The state employment office says it has a tougher time finding secretaries and stenographers for St. Louis employers than finding machinists and tool-and-die workers. In fact, it can't even get such help for its own office, has had to draft some of its job interviewers to do stenographic work.

In that particular area of the midwest, St. Louis and Kansas City have the biggest shortage of office help. But now even the smaller cities like Topeka and Oklahoma City are beginning to feel the squeeze.

• **Salary Troubles**—Areas that haven't boosted salaries are having the toughest time. In Ohio, for example, the need for clerical help at Wright-Patterson Air Force Base has really tightened things up in Dayton; it has forced up pay in private industry to a point where it is beginning to approach the federal level. Still, the Air Force is having trouble at the base, has had to set up schools to train its own clerical help. By contrast, the situation in Cincinnati isn't critical.

• **The Catbird Seat**—All this has put clerical workers smack in the catbird seat—and they are making the most of it. Married women whom some companies wouldn't have around the place a year ago now find that they're welcomed with open arms. In some cases, they work four days and get five days' pay. And in a tight area, any woman who can type can almost call her shots. In fact, many companies have made special concessions a routine thing—lengthening lunch hours to an hour and a half, giving four-week vacations, etc.

Some go even further. One employer offered to find an apartment for any stenographer who would take the job he had and pay to have it redecorated to boot. The employment agency gasped at this, wouldn't let anyone apply until it checked to find out if the employer's intentions were honorable.

They were, and the job was filled quickly.

GM's in Steel

Auto maker lends \$40-million to help finance Republic's expansion, is thus assured of more sheet and strip.

Last fall Charles E. Wilson, president of General Motors, said: "Toward the end of the war years we thought about getting into the steel-making picture, but we decided not to. Maybe we made a mistake."

If it was a mistake, it's a cinch that GM is not going to make it again. Last week it was announced that GM is lending \$40-million to Republic Steel to help finance expansion of its Cleveland facilities. The loan, at 3%, assures GM of a share of the increase in Republic's production. That boost is expected to reach 672,000 tons a year in 1952.

• **Second Deal**—The deal with Republic is not a one-shotter for GM. Last fall it made a similar \$28-million loan to Jones & Laughlin, for expansion of the Otis works at Cleveland. The increase in production there is expected to reach 360,000 tons of ingot, or 265,000 tons of finished steel.

It's no coincidence that GM's entry into the steel picture involves Republic and J&L. These two, and National Steel, are the only firms that turn out the wide sheets used in the auto industry.

• **More of Same?**—There are rumors that GM plans still further incursions into steel; but it's unlikely that any such deals are actually on the fire now. Certainly, this sort of deal offers many advantages to GM. It assures them of added supplies of steel in times of business expansion. Only last fall Wilson berated the steel industry publicly for failing to expand along with the rest of the U. S. economy (BW—Nov. 4'50, p26). Yet GM does not have to take the extra steel if business shrinks. At the same time, the loans to steel enable GM to put some of its tremendous cash reserves to work at a 3% rate, which is slightly above the usual business loan.

The \$40-million GM loan to Republic will help pay for projected expansion at Cleveland to cost upward of \$75-million. There are no set repayment dates; strictly speaking, GM will not be paid off in steel. However, it is understood that Republic's payments will be on a graduated scale depending on the amount of steel GM buys.

• **Advantages**—The deal, of course, has advantages for Republic as well as for GM. For one thing, it saves the steel company the hazards of doing its borrowing in the money market. For another, it assures Republic of a share of GM business.

The amount of steel that GM can actually get depends to a considerable extent on government priorities, the Controlled Materials Plan, etc. But GM figures that, with Republic making more steel, it is sure to get more for itself.

The price of the steel will be the going rate at the time of shipment.

• **Strip Mill**—All of Republic's expansion plans at Cleveland are geared to its 98-in. continuous hot strip mill—and GM wants wide sheet. When installed, the mill had a rated capacity of 75,000 tons a month. Republic won't say what the mill can do at capacity; similar mills have hit 150,000 tons. To keep the mill at capacity, Republic is adding to facilities at both ends.

On the raw material side, 126 coke ovens, a 1,400-ton blast furnace, four large open hearths, improvements in the 32-in. blooming mill, and more ingot-soaking pits are all in the works. On the finishing side, more annealing furnaces and coiling facilities, and a new 72-in. tandem cold reducing mill are being built.

• **J&L Deal**—In so far as details have been announced, GM's deal with Jones & Laughlin seems similar to that with Republic. GM gets first call on a stipulated (but not revealed) amount of J&L steel. Over an indefinite period, GM agrees to take an undisclosed aggregate tonnage.

• **At Capacity**—Whenever GM is operating at capacity, it must take the amount of J&L steel that it was buying before the loan, plus 240,000 tons of the expanded capacity at the Otis plant, and 50,000 tons of finished steel available from expansion at J&L's Pittsburgh and Aliquippa plants. When GM is not at capacity, it has the option of taking steel at reduced rates.

Poorest Wheat Crop

For the first time since 1944, the U.S. is looking forward to a wheat crop of less than 1-billion bu.

The record is falling before the combined destruction of drought, rust, insects, and winter-kill, which have beat down the crop from its volume of 899-million bu., originally estimated last December. The Dept. of Agriculture's latest estimates whacked off another 44-million bu.

There's only the slimmest chance for even a partial recovery. All in all, more than a quarter of the nation's seeded acreage will produce no crop this year. Losses have been most severe in Texas, Oklahoma, and Kansas.

The continuous shrinkage in wheat is steadily magnifying the importance of the nation's other grain crops—corn, oats, barley, and sorghum grains—for which farmers have planned smaller crops, in total, than last year.

ABC Sale Off

Noble rejects CBS' offer and two others, for assorted reasons. Reports persist network is dickering with IT&T.

Radio's biggest deal is off. After hot and heavy dickering, the Columbia Broadcasting System is not going to buy American Broadcasting Co. (BW—May 12'51, p21).

At midweek Edward J. Noble, board chairman of ABC, officially called off the sweepstakes. He admitted that he had had offers from three sources—CBS, United Paramount, and an unnamed "interested party." But he also cited objections to all of them:

CBS—"It soon became apparent," says Noble, "that any such plan would weaken the remaining ABC radio and television networks." CBS wanted to take over only a small part of ABC's property (including three TV stations) and dispose of the remainder.

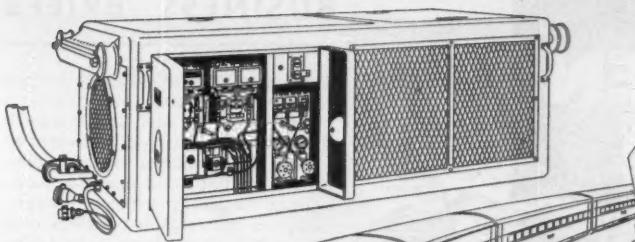
United Paramount—"ABC could not accept this offer because we are interested only in a real partnership." Paramount's offer, according to Noble, had involved an exchange of stock.

The "interested party"—"Because I would not accept an offer not available to all stockholders . . ." The offer had been to buy Noble's personal stock at \$15 a share.

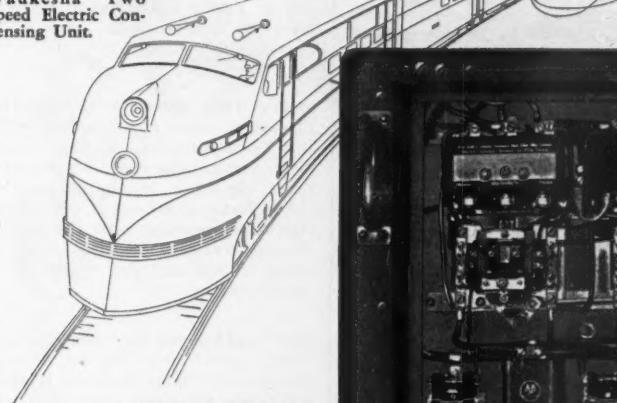
• **Other Version**—Insiders say the real reason that the CBS deal fell through was that Noble was dickering with United Paramount at the same time. CBS found this out, tossed the whole thing out the window. As for the Paramount dicker, a trade observer puts it in simpler language: "Noble wanted to have his cake and eat it, too"—that is, he wanted to remain in the management after United Paramount had taken ABC over. Noble is a little ambiguous on whether ABC is still on the block. He says he is still open "to proposals that would strengthen and improve ABC." On the other hand, he says that "we will continue to operate ABC radio and ABC television."

That statement may be aimed to quiet the fears of personnel and affiliates. According to some reports, negotiations for a sale are still going on—with International Telephone & Telegraph (BW—Apr. 7'51, p122).

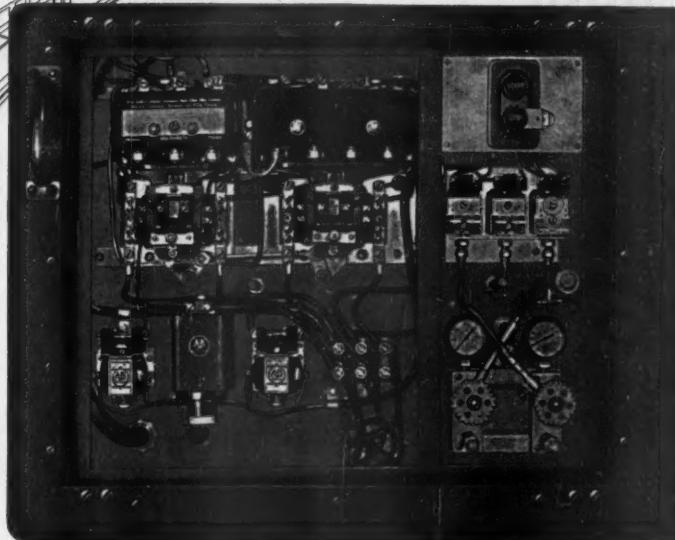
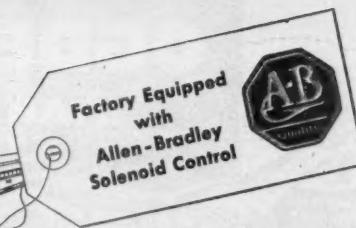
From CBS' standpoint, the collapse of the ABC deal means that CBS will have to look elsewhere for TV properties. But this does not stymie entirely CBS' bid to become a miniature RCA. Its negotiations to get control of Hytron Radio & Electronics Corp. are still sailing along.



Waukesha Two Speed Electric Condensing Unit.



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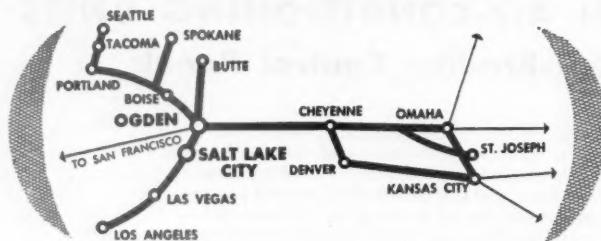
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BUSINESS BRIEFS

A ruling on seized-plant losses was put off when the Supreme Court refused on a technicality to hear the Wheelock Bros. case. The court had been expected to settle the question of whether a company is entitled to all operating losses suffered under government seizure. Earlier, it had ruled that PeeWee Coal Co. could recover certain losses arising out of a War Labor Board directive while the company was under U. S. operation (BW—May 5 '51, p30).

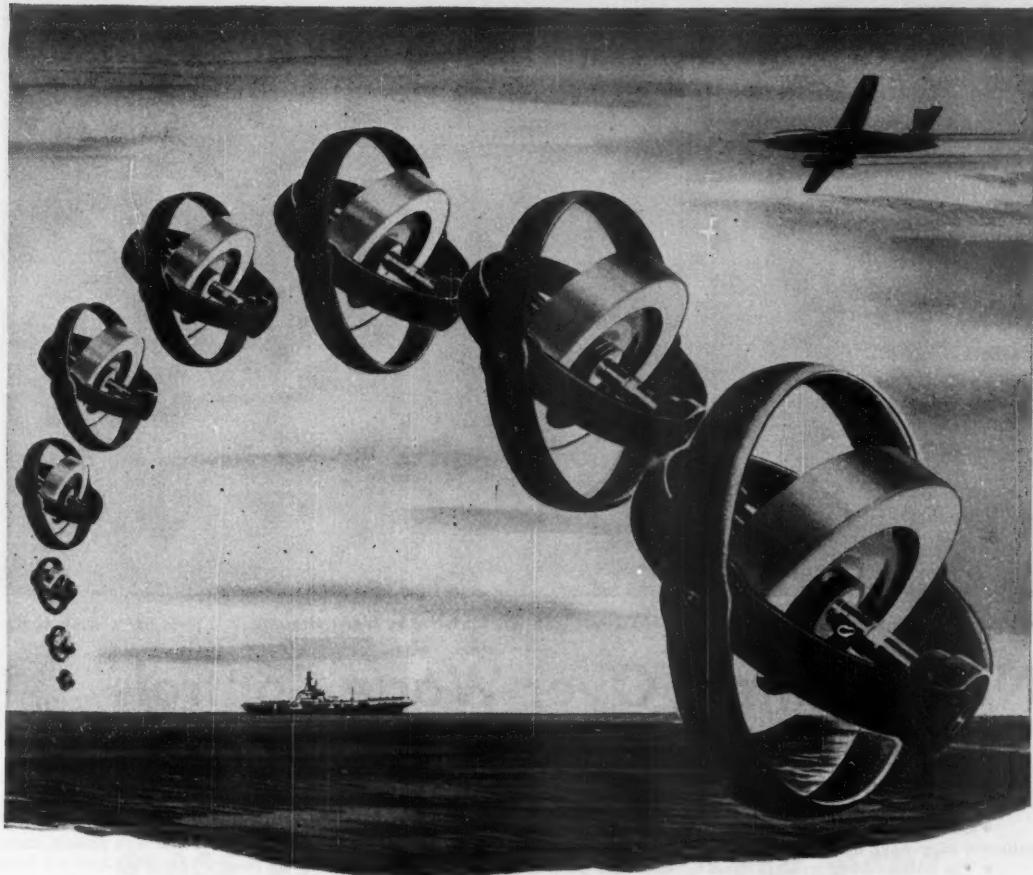
Heavy truck loads are doing severe damage to Kansas roads, the State Highway Commission found. Other conclusions: The trucking industry is not overtaxed; big trucks actually operate over the highways at a cheaper per-ton-mile figure than passenger cars. The Assn. of Western Railways liked the findings so much it reprinted the report and is distributing it.

BLS' c-of-l index was criticized as "a fraud against labor" by the left-wing, independent United Electrical Workers. UE wants the index investigated, says that Washington should be restrained from "using the misleading . . . figures as a basis for wage regulation." UE has prepared its own cost-of-living index, which stood at 262.5 in January, as compared with BLS' 182.7.

States have authority over direct sales of natural gas to local consumers by interstate pipeline companies, the Supreme Court ruled. The decision specifically involves proposed sales by Panhandle Eastern Pipe Line Co. to the Ford Motor Co., Dearborn, Mich.

The Detroit Symphony, which various people have tried to bring back over the last couple of years, is being revived by business. A score of local companies are underwriting expenses for three years at \$10,000 apiece. Among the sponsors: Bundy Tubing, Chrysler, Detroit Edison, General Motors, National Bank of Detroit, Pfeiffer Brewing Co., Sam's Inc.

The Supreme Court ruled this week that an employer doesn't have to bargain with a union unless local officers and officers of its parent organization—such as AFL and CIO—have both signed T-H anti-Communist affidavits. The decision reverses NLRB and upholds the board's critic and former general counsel, Robert Denham. Ruling affects 122 cases filed before AFL and CIO officers filed affidavits.



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MASS CEREMONY for 15 of the 18 members of the new WSB was conducted by Justice Hugo Black. It looks like a happy family.

No Argument Over Wage Controls

Congress will extend the government's authority without change. But there may be a fight over nonwage disputes.

• Congress won't alter government authority over wage increases this year.

• The Wage Stabilization Board will relax wage restrictions right now, hoping that the wage line can be drawn tighter later. This will forestall any real debate over extension.

• But if the Republicans should get their way, the whole idea of "tripartitism" as a method for handling nonwage labor disputes would be sharply revised.

That's the current outlook on wage controls.

• **There's Less Dissension**—The Defense Production Act, which expires June 30, is before Congress now for extension with amendments. So far, there has been no suggestion for any change in that part of it dealing with wage stabilization. A lot of the dissension that originally bedeviled the stabilizers seems to have resolved itself:

The U. S. Chamber of Commerce and the National Assn. of Manufacturers have lined up against both wage and price controls. But they say if they are going to be kept there's not much point in changing them.

The unions no longer have the strong distaste they had in 1950 for mandatory linking of wage stabilization and price

controls. Their experience with the restrictions adopted so far has convinced them that stabilization will still leave them considerable leeway on wages.

President Truman has asked Congress to tighten strings on price controls, while urging WSB to be flexible in its approach to wage controls.

All in all, the chances that Congress will dump wage controls are pretty slim. Any real fight would be over the administration of them by WSB.

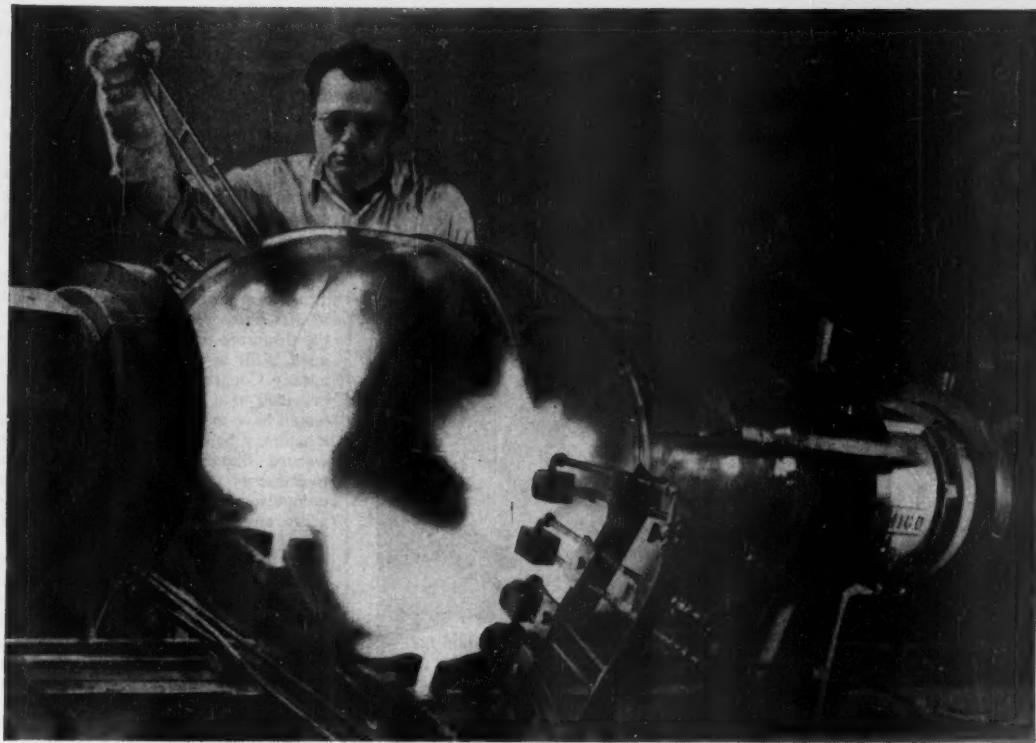
• **Nonwage Battle**—The question of WSB's authority to handle nonwage disputes may prove more troublesome. Industry feels it hasn't yet lost its battle to keep wage stabilization separate from labor disputes settlement—in spite of the reorganization of WSB to take on limited disputes functions. Industry is taking its case to Congress, where it will have the staunch support of Sen. Taft.

Taft believes that to mix labor disputes with wage stabilization might result in compromising wage policies in order to settle a dispute. He is urging reorganization of the tripartite WSB so that public members would outnumber industry and labor combined. In that way, the public members could control a decision. As it stands now, each of the three sides has an equal six votes,

so that industry and labor could team up and outvote the public members. Most of the 1,200 wage increase proposals awaiting WSB approval (BW—May 12 '51, p30) involve raises that would be out of line with present stabilization policy. More than half are from employers alone; the others stem from labor and management together. Taft argues that if the labor and management blocs voted to approve them all they could "scuttle" wage stabilization.

• **Another Walkout?**—However, if Taft and his Republican colleagues can put his ideas over, you can look for the in-again, out-again labor rat race to start anew. For that very reason, the odds are all against any tampering with the board's makeup. A board with public members outvoting both union and management representatives might be fine in theory, but it's not a theory that will sit well with any group demanding "equal participation." The unions pulled all their representatives out of the mobilization agencies once because they claimed they had less than equal participation, and they might very easily do it again. And even if they were on the fence about accepting a new version of "tripartitism," the fact that it was Taft's brainchild could be decisive in their rejecting it.

• **Defense**—The tripartite WSB, with equal representation, and the joint handling of disputes and wage stabiliza-



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First, glass is available . . . and at reasonable cost. Second, glass is versatile. New methods of manufacturing and new compositions make it a practical material for many uses not generally associated with glass. Third, Corning is

starting a second century of service to industry through research in glass. All this "know-how" is yours to use.

Tell us what you think you are going to need. What physical factors must we meet? What design problems are involved? How about assembly, volume, delivery? One thing is sure—if it's possible to meet your needs with glass, you can depend on Corning to do so. Why not write to-day . . . or if you prefer, use the coupon.

1851

100 YEARS OF MAKING GLASS
BETTER AND MORE USEFUL

1951

Corning means research in Glass



Corning Glass Works

20 Crystal St., Corning, N. Y.

Please send me your "Designers Bulletin IZ-1."



NAME _____ TITLE _____

COMPANY _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

My Secretary Won a Raise on her Lunch Hour



she taught me to Say it with FLOWERS-BY-WIRE

Ed Jones is an important customer who likes the personal touch. Last week I was on a trip, and couldn't attend the opening of his Chicago branch. My secretary passed an F.T.D. Florist during lunch hour, and thought to wire flowers in my name.

Ed's pleased as punch. He feels that, even though I couldn't be there, I remembered. I'm happy because he's happy. Miss Morrow, my secretary, is happy, too. She won a raise when she taught me to say it with Flowers-By-Wire. It's a trick I won't forget!

**FLORISTS' TELEGRAPH DELIVERY ASSOCIATION,
Headquarters: Detroit, Michigan**



FLOWERS ARE BEAUTIFUL BUSINESS BUILDERS

On opening days • on anniversaries • on special events • as a "thank you" for the order • on almost any business occasion • for those at home when you're away.

You can wire flowers to anywhere... from anywhere... more than 15,000 F.T.D. and Interflora Member Shops at your service!

tion are defended by Economic Stabilizer Eric Johnston and WSB Chairman George W. Taylor.

Taylor told the House Banking Committee that Truman's order giving WSB disputes functions, too, "recognizes the facts of industrial life"—meaning that economic and noneconomic issues seldom are separated in labor disputes, and seldom are settled separately. WSB, as presently constituted, he said, gives both parties a place to settle all their differences at once.

Taylor added that WSB's nonwage jurisdiction is limited to disputes certified by Truman or referred voluntarily by the disputing parties. Therefore, he argued WSB is not the sort of disputes agency Congress had in mind when it provided that labor and management would have to agree on disputes-settling machinery before it could function. He warned that if the present disputes machinery proves inadequate some compulsory machinery like that Congress envisaged—another War Labor Board—might be necessary.

• **On the Agenda**—Meanwhile, WSB is lighting into the logjam of applications. It has split up into committees to tackle the major cases awaiting approval of above-ceiling increases—meatpacking, shipbuilding, and textiles. It will use the consumers' price index for Apr. 15 (due to be issued next week) as a basis for raising the 10% (over Jan. 15, 1950) ceiling on wage increases.

Union Staff School

Produces First Crop

The Training Institute of the International Ladies' Garment Workers Union (AFL) furnished the union its first crop of staff workers this month: 25 specially trained organizers and three business agents.

• **28 Graduate**—The institute, first to be opened by a union to train personnel for specific union jobs, started out a year ago with 35 students (BW—Jan. 13 '51, p96). Only one of the 35 dropped out voluntarily, but ILGWU lost six trainees to military service during the term.

At the start, the 28 new staff members will get \$60-a-week salaries, plus living-cost and other job allowances. All but one will work outside New York.

• **Class of Outsiders**—A new class started the one-year course this week. Unlike the first one, made up entirely of New York area residents, the second group has 14 trainees from outside New York. The union says it wants future students to come, as far as possible, from the area in which they will start staff jobs.

Faster, better, cheaper

Both today and over the long pull, we've got a double job to do.

America is rearming at a multi-billion dollar pace. For peace, we hope. For total war, if that must come.

But the real trick — the other half of the double job — is to do this and still maintain a civilian economy that is strong and virile enough to sustain our military might.

To produce both "guns and butter," materials must go farther and waste be avoided. Machines must operate at higher speeds, with greater precision. And manpower must be more effective.

In short, goods must be turned out *faster, better, cheaper*. And this is the very job for which the first air conditioning system was installed half a century ago.

Since then — in times of war and periods of troubled peace between — air conditioning has contributed greatly to the amazing rise in our national productivity.

In scores of factories that are fashioning metals into aircraft engines, guided missiles and radar, air conditioning helps to insure microscopic precision, cuts down rejects and reduces scrap.

It contributes to mass production in textile mills, in

the making of plastics, the production of synthetic rubber, high-octane gasoline, chlorine and other chemicals.

In the manufacture of many products it is essential: films, gauges, detonators, bombsights, range finders, rockets, safety glass, penicillin and streptomycin.

And there simply is no question but that men and women, free of depressing heat and humidity, can produce more with less fatigue — whether they work in offices or in overalls.

Because air conditioning is a production tool, virtually every Carrier product has been recognized with a DO or Defense Order rating. These high-priority letters have been assigned to orders ranging from huge Centrifugal Refrigerating Machines for industrial processing to packaged Weathermakers for machine shops and drafting rooms and Room Air Conditioners for military and government offices.

On top of this, Carrier products continue to be sold in volume for a wide variety of commercial purposes. The objective is to get things done *faster, better, cheaper*. And the result is a stronger civilian economy.

We are proud that in this National Emergency, the products of the air conditioning industry are playing a major role in the double job that faces all Americans.



AIR CONDITIONING • REFRIGERATION



**HOW A \$20,000
INVESTMENT
DID A \$250,000 JOB**

Recently, a midwestern manufacturer was faced with a serious backlog of orders. To step up production, the company planned a \$250,000 revamping of its foundry.

A Trundle Engineering study put the finger on a more basic need—a properly conceived and executed *production control* plan. With this plan in effect, plus certain improvements in layout and organization, it was found that the required volume could be obtained with an expenditure of only \$20,000.

Delivery backlogs were reduced from eight to three months. Customer relations improved materially. And the company was able to keep \$230,000 in liquid assets, instead of tying it up in facilities.

For cost-minded executives: the savings made in operating costs of the Production Control Department alone, paid Trundle's fee in less than five months' time.

Trundle works as a "team" with your executive staff—on problems involving *Management Methods, Marketing, Manufacturing, Engineering Research, Industrial Relations*. May we give you more information on who we serve, and how we might serve your company? Write or phone *The Trundle Engineering Co., 902 Bulkley Bldg., Cleveland 15, Ohio*.

THE TRUNDLE ENGINEERING CO.

AND TRUNDLE ASSOCIATES, INC.

CLEVELAND • OHIO

NEW YORK • WASHINGTON • CHICAGO

32 YEARS OF CONSULTING SERVICE FOR MANAGEMENT

Calmer Reopening

NLRB reverses policy: It now permits contract reopening at any time without interference from outside union.

From now on, an employer and union may reopen their contract for modifications at any time without risking an outside union's horning in.

• **Important Now**—The National Labor Relations Board decision—rendered in a Western Electric Co. case—represents a policy shift that's particularly important now. The Wage Stabilization Board will soon develop a wage formula permitting sixth-round pay hikes. When it does, many contracts will probably be reopened to write in higher wages.

Under NLRB's old policy, a rival union could ask for an election whenever a contract was reopened, except when it was done under a specific reopening clause. This disturbed established union-management relations.

• **The Case**—The Western Electric case involved the company's plant at Baltimore, and two unions: the Point Breeze Employees Assn. (Ind.) and the Communications Workers of America (CIO).

The independent union has a contract covering the plant's 2,700 employees. It runs to Jul. 12, 1952, and provides for a reopening on May 13, 1951, or thereafter to make adjustments "not to be effective earlier than July 13, 1951."

• **Voluntary Reopening**—In anticipation of a wage freeze, the company and union reopened their contract last November. They negotiated immediate increases and a tighter no-strike clause.

The CIO union saw a chance to challenge the independent's bargaining rights. It called for an election on the grounds that (1) the reopening came at a time not provided for by contract, and (2) the new terms went beyond the scope of the reopening clause.

NLRB dismissed the petition. It agreed that CIO's arguments would have justified an election under past board policy. But it said that board members "believe it necessary at this time . . . to adjust the board's contract bar rules."

• **For More Stability**—In the future, the board said, any and all terms of a contract may be renegotiated at any time with no risk that the union's contract position will be subject to a challenge.

The change in the policy, the board said, is caused by a present "need for increased stability in labor-management relations." It's intended to "encourage continuity" in contract relations and to give employers and unions freedom to negotiate contract modifications whenever conditions call for a reopening.

Better Business Pictures



FOR SALES PROMOTION



FOR PUBLIC RELATIONS



FOR EMPLOYEE TRAINING



KODAK MEDALIST II CAMERA Produces consistently fine results

Topnotch photographs are valuable management tools for many profitable business and industrial applications. For sales work, personnel training, industrial relations, and advertising, pictures tell your story realistically and convincingly. Photographs of installations and techniques are indisputable evidence of successful operation—provide permanent and invaluable records.

Business photography demands a camera with the utmost in versatility and quality—the Kodak Medalist II Camera. Put this precision instrument in the hands of your plant photographer, salesmen, engineers, safety inspectors... or use it yourself! You get the sparkling sharpness of the world's finest lens for $2\frac{1}{4} \times 3\frac{1}{4}$ pictures—a wide range of shutter speeds—almost unlimited choice of films—valuable automatic controls for easy, precise operation. With available accessories, this unique camera meets every photographic situation—day or night, indoors or out—in brilliant black-and-white or rich full color. Camera, \$312.50.

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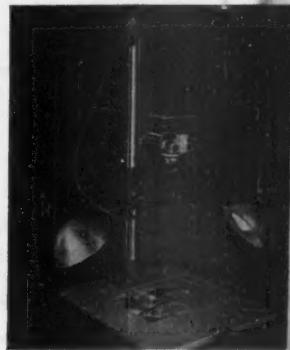
PHOTOGRAPHY

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Here's a quick, convenient way to make exact reproductions of photographic prints, office records, drawings, letters, or any printed matter. With the Kodak Precision Enlarger Stand and the accessory Kodak Copying Lights, Model 2, you can adapt your own Medalist II to the job. You simply attach the camera at the tripod socket—a sliding bracket permits easy adjustment to any height. Ruggedly built, the plywood base is non-warping. Stand, \$46.67; Copying Lights, \$28.



Prices are subject to change without notice and include Federal Tax. Consult your dealer.

Kodak
TRADE-MARK

Escalator Contracts Make Trouble

Contracts covering 8,000 or more workers which have "escalator" and "deferred wage increase" clauses already in effect

Company and Location	Union	Employees Covered	Expiration Date	Automatic Cost-of-Living Adjustment	Deferred Wage Increase
TEXTILES					
New Bedford Cotton Mfrs. Assn. Mass., & Fall River Textile Mfrs. Intrastate-Mass.	Textile — CIO	30,000	3/53	Quarterly (Mar., June, Sept., Dec.) 1¢ for 1.14 points	
ELECTRICAL EQUIPMENT					
American Woolen Co. Interstate	Textile — CIO	20,000	3/52	Same	
General Motors Corp. Interstate	Electrical — CIO	30,000	5/55	Quarterly (Mar., June, Sept., Dec.) 1¢ to 1.14 points	4¢ May, '51-2-3-4
AGRICULTURAL MACHINERY					
Allis-Chalmers Mfg. Co. West Allis, Wis.	Automobile — CIO	11,100	7/55	Quarterly (Mar., June, Sept., Dec.) 1¢ to 1.14 points	4¢ July, '51-2-3-4
International Harvester Co. Interstate	Automobile — CIO	24,000	8/55	Quarterly (Mar., June, Sept., Dec.) 1¢ to 1.14 points	4¢ Aug., '51-2-3-4
International Harvester Co. Deere & Co. Interstate	Electrical (Farm Equip.) — Ind. Automobile — CIO	27,000 13,000	6/52 7/55	Same Quarterly (Mar., June, Sept., Dec.) 1% for each 1.7 points	4¢ Aug., '51 3% Aug., '51-2-3-4
OTHER MACHINERY AND FABRICATED METAL PRODUCTS					
National Cash Register Co. Dayton, Ohio	Natl Cash Register Employees — Ind.	10,000	4/54	Quarterly (Mar., June, Sept., Dec.) 1¢ for 1.14 points	
AUTOMOBILES					
General Motors Corp. Interstate	Automobile — CIO	270,000	5/55	Quarterly (Mar., June, Sept., Dec.) 1¢ to 1.14 points	4¢ May, '51-2-3-4
Ford Motor Co. Interstate	Automobile — CIO	126,000	5/55	Same	4¢ June, '51-2-3-4
Chrysler Corp. Interstate	Automobile — CIO	104,000	8/55	Same	Same
Hudson Motor Car Co. Detroit, Mich.	Automobile — CIO	20,800	9/55	Same	4¢ Aug., '51-2-3-4
Studebaker Corp. South Bend, Ind.	Automobile — CIO	21,000	8/55	Same	4¢ Sept., '51-2-3-4
Kaiser-Frazer Corp. Willow Run, Mich.	Automobile — CIO	13,000	5/55	Same	4¢ June, '51-2-3-4
Packard Motor Co. Detroit, Mich.	Automobile — CIO	8,000	8/55	Same	4¢ Aug., '51-2-3-4
Nash-Kelvinator Corp. Interstate	Automobile — CIO	26,000	6/55	Same	4¢ June, '51-2-3-4
Briggs Mfg. Co. Interstate (Mich. & Ind.)	Automobile — CIO	34,000	8/55	Same	4¢ June, '51-2-3-4
AIRCRAFT					
North American Aviation Co. Intrastate — Calif.	Automobile — CIO	12,700	10/53	Quarterly (Jan., Apr., July, Oct.) 1¢ for 1.14 points	
CONSTRUCTION					
Building Trades Emp. Assn. New York, N. Y.	Building Trades — AFL	125,000	6/53	Once, effective Jan. '52 if price index for city is 10% above level of 6/50	
Associated General Contractors Intrastate — Utah	Building Trades — AFL	12,000	5/53		5¢ June, '51 & 10¢ June, '52
Associated General Contractors Intrastate — Ariz.	Building Trades — AFL	9,000	5/55	Semi-annual (May & Nov.) 1¢ for 1 point	
Ass'n of Master Painters & Decorators New York City	Painters — AFL	8,000	7/52	Once, Aug. '51, same % as % rise in BLS Index from June 15, '50 to June, 15, '51.	
RAILROAD TRANSPORTATION					
Railroads of U. S. Nonoperating employees	15 unions	1,000,000	9/50	Quarterly (Jan., Apr., July, Oct.) 1¢ for 1 point	
Railway Express Agency Interstate	Railway Clerks — AFL	45,000	9/53	Same	

for WSB

Wage stabilizers can't adopt c-of-l or annual-increment contracts nationally, but it can't invalidate them either.

The contracts listed on the opposite page are the ones that are giving wage stabilizers their biggest headache. They are the most important of a list of 188 contracts that the Bureau of Labor Statistics has compiled, each of which covers 5,000 or more employees. About 40% of the more than 5-million employees who work under the contracts on the BLS list have future wage adjustments determined by movements of the cost-of-living index. Some 15% of them are entitled to wage increases regardless of what happens to the index.

• **Others Are Easy** — Other contracts with wage-reopening and expiration dates call for bargaining that is fairly simple to supervise. A regulation providing that agreements cannot become effective until approved can keep wages from getting out of control. But contracts already in force that license indeterminate pay raises are a different matter. Any government agency would go far to avoid invalidating them.

• **No Pattern** — The easy, if not economic, solution might be to establish a wage formula for all industry that would conform to the terms of these escalator contracts. But that, too, presents problems. Note the variation in what might be called the degree of escalation. They run from the Deere & Co. contract, which provides a 1% wage increase for every 1.7 rise in the index, calculated at quarterly intervals, to the nonoperating rail union contract, which calls for a 1¢ increase for every one point rise in the index.

There are also significant differences in provisions for future or deferred wage increases. Some building construction agreements provide for 5¢ and 10¢ annual increments; others follow the 4¢ General Motors pattern; still others make the annual increment a percentage amount.

• **Problem for WSB** — Hence it is impossible to devise a simple wage stabilization formula by using terms of contracts already in force. Adopting the cost-of-living and annual-increment escalator as national policy would still leave unsettled the question of how to get something like uniformity in calculating future wage changes.

Finding a workable answer to that question may prove to be the biggest problem the new Wage Stabilization Board will have to solve.



THE PLUG THAT COST AN EXTRA MISSION

It was an ideal day for a photo reconnaissance mission — bright and clear with perfect visibility "over target." Every shot should have been perfect.

Instead, the film turned out completely blank — the "recon" mission had to be re-run and the scheduled bomber raid put off an extra day.

Investigation disclosed that jars from rough air had disconnected the

plug supplying power to the camera. To eliminate this difficulty, Air Force officials consulted the Graybar Electric Company. Shortly afterward a special locking plug — manufactured by one of Graybar's oldest suppliers — was made standard equipment on all photo-reconnaissance aircraft.

Though a simple problem and solution, this example points up the extra help you can get from Graybar.

• Specialists in all the major electrical fields can help you solve technical problems...can procure, or suggest alternates, for electrical items in short supply. Your local Graybar Representative will forecast delivery dates and supply complete catalog and quotation service on any of the 100,000 items Graybar distributes.

In addition, Graybar's nation-

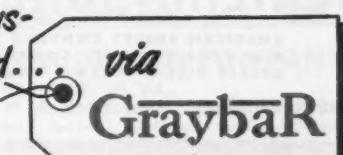
wide warehouse system permits day-by-day checks on the over-all supply picture—helps you anticipate job-delaying shortages. Subject to defense priorities and regulations, Graybar can supply — on a single order — everything electrical for industry, power transmission, transportation, communication, or for construction.

Send for this helpful booklet

This 26-page booklet explains Graybar's services and procurement facilities for aiding you in plant expansion and conversion. Write for your copy today. Graybar Electric Co., Inc. Executive Offices: Graybar Building, New York 17, N. Y. 132-25

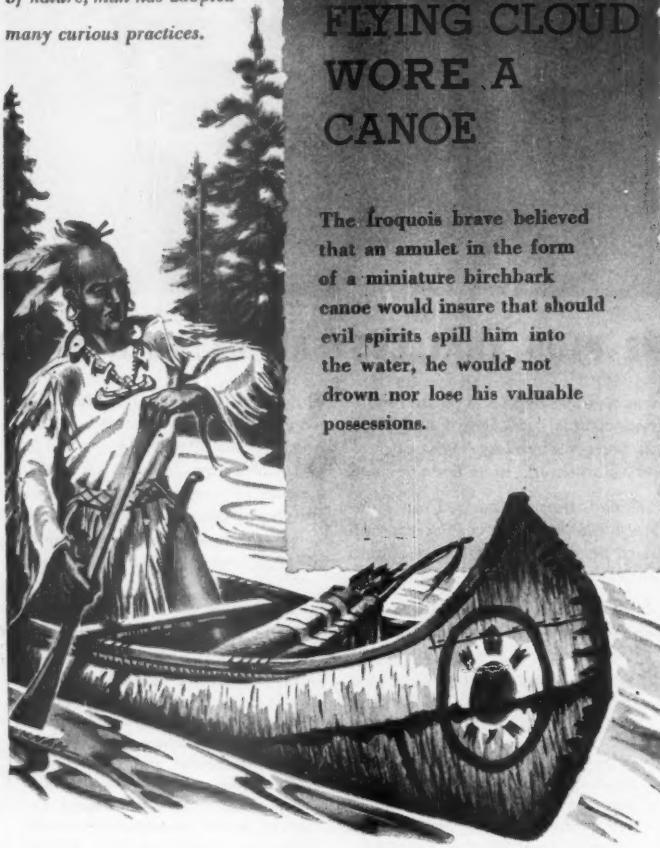


avoid electrical delays...
plan ahead.



IN OVER 100 PRINCIPAL CITIES

*In his attempt
to protect himself from
misfortune and the forces
of nature, man has adopted
many curious practices.*



WHY FLYING CLOUD WOKE A CANOE

The Iroquois brave believed that an amulet in the form of a miniature birchbark canoe would insure that should evil spirits spill him into the water, he would not drown nor lose his valuable possessions.

Today, the businessman has real protection—receives prompt reimbursement for loss of money and securities if he has our 3-D Policy. It covers any such losses, both on or off the premises, due to Dishonesty (including thefts, burglaries or robberies by employees or others), Destruction and Disappearance. Call our agent in your community for this vital safeguard—now!

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A JOB INTERVIEW can lead to trouble if you ask about race or religion in New York.

Anti-Bias Guide

New York commission lists what an employer may ask job applicants within fair-employment-practices act.

Fair - employment - practice laws in seven states bar asking job applicants, directly or indirectly, about race or religion. Offhand, it doesn't seem as if that rule would be hard to obey. Yet employers in New York, particularly, have run afoul the law time after time while trying to establish an applicant's bona fide job qualifications.

• **Guide to Questioners**—The New York Commission Against Discrimination has now decided to clear up some of the uncertainty about what an employer may ask. It has issued a guide to legitimate questions about an applicant's background, and unlawful questions on race, creed, color, or national origin.

The New York rules are a good general guide to compliance with anti-discrimination laws in other states.

Here's what the New York commission says you can, and can't, do:

Name: You may ask an applicant if he ever worked for the firm under another name or ask the maiden name of a married woman. But you may not ask the original name of anyone, once it's been changed by court order.

Age: You may ask proof of age in the form of an age certificate or a work permit. You may not require the applicant to show a birth certificate or baptismal record or ask about the birthplace of the applicant or his relatives.

Citizenship: You may ask if an applicant is a citizen, or intends to become

one, or has a legal right to remain permanently in this country. But you may not ask what country he is a citizen of or require him to show naturalization papers or first papers.

National Origin: You may ask an applicant what languages he speaks and writes fluently, but you may not ask him his native language.

Military Experience: You may ask an applicant about his military service with the U.S. armed forces—but not about military service for any other nation.

Organizations: You may require the applicant to state whether he is, or ever has been, a member of the Communist Party. You may not require him to list his clubs, societies, and lodges.

• **Classified Work Excepted**—The New York commission says its curbs apply only to employers filling a job that does not involve classified military work. If a federal agency requires an employer to furnish information regarding employees' background, he may ask whatever question he wants to.

ILWU Faces Payment Of \$750,000 Damages

It looks as though Harry Bridges' International Longshoremen's & Warehousemen's Union will have to pay \$750,000 damages—about the largest ever levied against a union under Taft-Hartley—for closing a mill by illegal picketing. Unless the Supreme Court upsets a Court of Appeals decision issued last week, Juneau Spruce Co. is due to collect that amount.

The appellate court said it found "ample reason" for a lower-court decision against ILWU in 1949. That decision held that ILWU was responsible for closing Juneau's mill in 1948 by illegal picketing and coercive tactics.

• **Job Dispute**—ILWU had claimed longshoremen should load and unload lumber barges at the company's Juneau (Alaska) mill. The company refused to recognize the claim. It said its contract with the International Woodworkers of America (CIO) at Juneau covered all jobs. The National Labor Relations Board agreed that ILWU had no valid claim to the Juneau jobs.

Despite NLRB's ruling, ILWU began picketing the Juneau property in 1948 and refused to handle company barges elsewhere. For six months the company tried to operate, then shut down its Juneau mill. Shortly afterward, it sued ILWU for \$1,025,000 damages, alleging an illegal strike and boycott.

• **Damages Sliced**—It won its case, first in the U.S. District Court in Alaska and last week in the Court of Appeals. The lower court, however, cut the damages allowed to \$750,000.

**SAFETY FIRST in
STURDY SOLID STEEL**

IT'S WHEELING EXPANDED METAL!

WHEELING CORRUGATING COMPANY
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It's not woven, not welded, but pierced and expanded from solid steel—this extra-strong machine guard fabricated from Wheeling Expanded Metal. Actually stronger, stiffer than any solid sheet its own weight, Expanded Metal is ideal for guards—or for window grills, partitions, overhead walkways...wherever you want the strength, plus lightness, of solid steel you can see through!

**SAFETY FIRST in
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Artery for Power that lights the United Nations

A symbol of many new ideas—the U. N. Secretariat!

Architecturally—it's a fund of suggestions for the business man seeking most advanced methods.

Power distribution, for example. Here, rising up and across the 40 floors, electric power travels the FLEX-A-POWER highway . . . along a network of steel-encased copper busbars, built in standard lengths, easily joined, easily rearranged, tapped wherever power is needed.

For low cost of installation, adaptability to any conditions (main or secondary feeders, power

for machinery, power for lighting), and lasting flexibility—no other electric power distribution system can match Trumbull FLEX-A-POWER. Best of all—it adapts, quickly and inexpensively, to any future changes in load arrangements.

Investigate FLEX-A-POWER. Because it's in demand for defense purposes, you may find it in short supply. But—like Trumbull CENTR-A-POWER, the standardized control center also used in the Secretariat—

*it's a Trumbull product
that's worth waiting for*

TRUMBULL  **ELECTRIC**

PLAINVILLE, CONN.

FLEX-A-POWER (bus distribution) . . . CENTR-A-POWER (control centers and switchboards) . . . CONTROLITE (stage and auditorium lighting switchboards) . . . circuit breakers . . . switches, etc.

LABOR BRIEFS

NLRB rulings totaled 668 during the first quarter of 1951, 100 more than in the first three months of 1950. Of the total, 557 dealt with representation elections, 81 with unfair-labor-practice charges, 30 with union-shop votes.

New president of CIO's Glass, Ceramic & Silica Sand Workers is Burl Phares, of Charleston, W. Va., director of the union's big West Virginia district. Phares defeated the incumbent, Joseph Froech, in a runoff election.

A bias protest was filed by a Negro local of AFL's carpenters last week against contractors on an \$18-million expansion job at the Pine Bluff (Ark.) arsenal. The local charged that Negro carpenters can't get jobs at the arsenal.

A speech by Taft was on the program this week as 26 delegates representing 8,500 members attended a convention of the American Watchmakers Union in Washington. The bid to the senator (first by a union convention since the Taft-Hartley act) didn't mean labor



BRONX CHEER showed New York longshoremen's feelings as dockers continued . . .

Boycotting the Reds

New York's AFL longshoremen don't like Communists; they always balk at handling cargoes for, or from, Russia and its satellites. Last week was no exception. Dockers loading the America flatly refused to touch the baggage and freight of 15 Russian nationals returning to Moscow after working for U.N. The Russians lugged their own bags and trunks aboard, but had to leave crated treasures—U. S. refrigerators, washing machines, TV sets, etc.—on the docks.



Naugatuck Vibrin Polyester brings 10% better reception to television

This polyester success story may well suggest ways you can use the advantages of the new Naugatuck Vibrin in your product. Simply read what happened—then send the coupon below and see what Vibrin can do for you.

Some time ago, the Lanfare Molded Products Company of Toledo, Ohio replaced its standard aerial insulator material with the new Vibrin (above, in red). Result: Aerial pick-up improved television reception 10%!*

Why? Because Vibrin introduced *superior insulation and low water*

absorption. In addition, its *damping effect* eliminated rod breakage. What's more, Vibrin reduced production assembly time and cost.

How did Vibrin do it? The outstanding combination of properties below will help to explain. Vibrin can be used in all sorts of applications . . . mountings, aircraft parts, fishing rods, housing panels, table tops, countless more. Vibrin is a product of the United States Rubber Company's Naugatuck Chemical Division—from its modern plastic resin laboratories—base of your plastics future.

SOME OUTSTANDING VIBRIN PROPERTIES

Easy to handle—lightweight finished products • Cures without porosity • 100% reactivity—no weight change • Electrical grades—low water absorption • Wide hardness range • Full color range • Flame-resistant types

*Aerial insulator manufactured for Target Company, Toledo, Ohio

Naugatuck Chemical Plastics Division, Elm St., 55,
Naugatuck, Conn.

Without charge, send technical data on properties, uses,
handling methods (specify desired end products).

I understand that, from this data, I can order
suitable, free experimental samples.

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BRANCHES: Akron • Boston • Charlotte • Chicago • Los Angeles • New York
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MARVINOL vinyl resins • KRALASTIC styrene copolymers • VIBRIN polyester resins



CHAIR! The chain that does a thousand jobs of holding, hauling, and hoisting so surely, so safely that most people seldom give it a thought.

Businessmen do recognize the importance of chain. They see chain as an important component of many things in daily use. And they realize that chain is vital to the production of these things. Actually, it is impossible to single out an industry where chain is not used somehow!

Campbell makes chain for every purpose . . . chain that is inspected link by link before it leaves the factory. Campbell chain is available through leading industrial distributors, and Campbell field representatives will be glad to help with any special problem involving chain. Look to Campbell for the right chain for your needs.

Chain for every need: INDUSTRIAL, MARINE, FARM, AUTOMOTIVE

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opposition to him is easing any. The AWU often veers from big-union policies.

A demand for action by WSB on the CIO packinghouse workers' recently negotiated 11¢ raise closed Omaha packing plants a half day last week. Workers quit long enough to vote a May 20 strike if WSB doesn't O.K. the full 11¢.

Harry Bridges is being panned in labor circles for his left-wing longshoremen's choice of a hotel and convention hall in Hawaii recently. It's not because the union picked a couple of the island's swankiest, and most costly, spots—but because it chose nonunion quarters over others with AFL contracts.

A new CIO charter awarded to the National Assn. of Broadcast Engineers & Technicians this month set off a CIO organizing drive among radio and TV operating personnel. It's aimed at contracts held by AFL craft unions.

Pensions at 60, higher than those now paid at 65 under the social security program, were urged at a convention of the independent American Federation of Hosiery Workers last week. Union said change would "put millions more on pensions and make jobs available for younger persons." AFHW agreed there's not much need for more jobs now, but said there's a long-range need for more.

AFL paper workers in 11 southern states began negotiating with the Southern Kraft Division of the International Paper Co. this week for a wage boost (unions want 15¢ to 20¢ an hour) and other benefits. Kraft usually sets the southern pulp-paper wage pattern.

Domestic workers in Pittsburgh are being organized by the new, independent United Domestic Workers of America. Limited to full-time domestics, its goal is stabilized pay and improved work conditions in homes.

An NLRB election will be held at an Athens College textile mill in Athens, Ala., at the request of CIO. College and local businessmen set up the mill to help students work their way through school. Its only employees are 74 students.

Clerical workers in warehouses can't be polled apart from those in other company departments if they have "similar duties, working conditions, and interests." NLRB so decided in refusing an AFL electrical union petition for a representation vote limited to Alabama Power Co. warehouse clerks.

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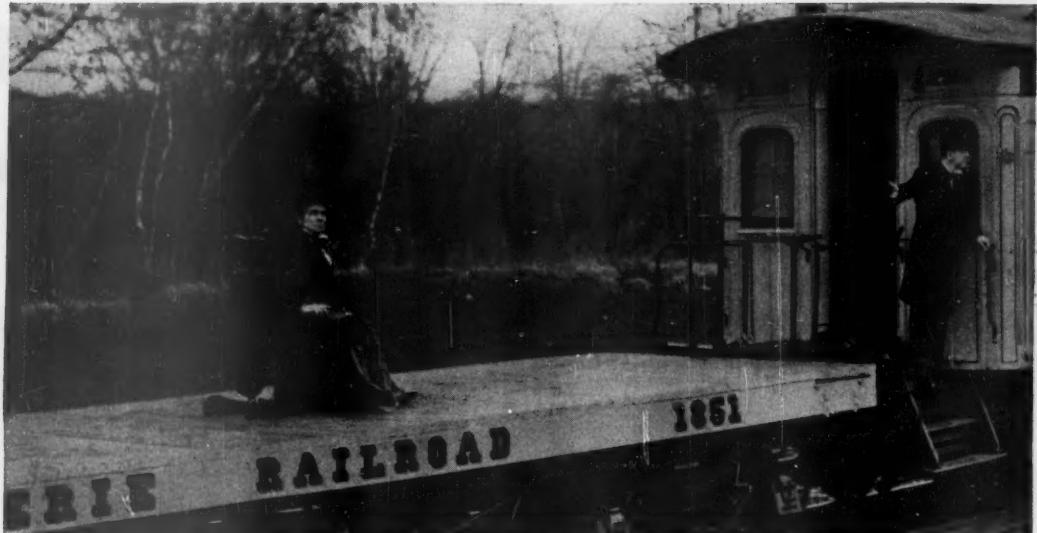


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TRANSPORTATION



DAN'L WEBSTER rode solo on Erie's first trip. Modern actor impersonating him lacks only Dan'l's jug of applejack.

100 Years Old and What a Past

The first hundred years were the hardest for the Erie. For, when the railroad emerged from its last receivership, its lines and rolling stock finally were shipshape, its financial house in order.

That had not always been true in the century that began 100 years ago this week, when the old New York and Erie Railroad Co.'s first train huffed up the line from Piermont (25 miles north of New York City) to Dunkirk (on Lake Erie). The road was destined to be robbed blind, to become known as the Whore of Wall Street, and to be the butt of almost as many jokes as Henry Ford's Tin Lizzie.

• **To the Wall**—The company was to go through the financial wringer when it had scarcely more than broken ground. Bankruptcy, after that, was more the rule than the exception. Embittered stockholders were to remark, "Icicles will freeze in hell before Erie pays a dividend." The "speculative director," old Daniel Drew, and the strutting "Prince of Erie," Jubilee Jim Fisk, were to become more emblematic of the road than the many honest men who sought to refurbish Erie's ever-empty cash box.

Fine prospects but no money have characterized Erie right up to relatively recent years. That's partly because the road was born to trouble.

• **Canal Trouble**—Nobody knows just how much DeWitt Clinton promised the

southern tier of New York counties before he dug his ditch across the state—across the northern tier of counties. But it was evident, even before Clinton finished the Erie Canal in 1825, that the southern counties figured they were entitled to roughly comparable transportation. And it was equally evident that the northern counties would fight to hold their advantage.

Thus it was not without a struggle that the New York and Erie Railroad Co. so much as won its charter from the state legislature in April, 1832. And it was no surprise that the road was launched with too little capital; its surveys "liberally estimated" that it could be driven from New York City to Lake Erie for \$7-million—the actual cost turned out to be \$23½-million.

• **Panic**—Work started in 1836—only to be stopped by the Panic of 1837. This first section (from Piermont to Goshen, 46 miles) went into operation Sept. 23, 1841. About that time a director wrote that the board "passed a hat around among us to get money to pay for the candles that lighted us at our work." Early the next year, what a historian of the day described as "obstacles" and "embarrassments" caused the road to be placed in the hands of assignees.

In 1846 the road emerged from this, its first reorganization. New York State

had forgiven the \$3-million it had advanced, and the stock had been canceled.

Many a time in the next five years, Erie's till was bare of cash. But the road was pushed through to Lake Erie—460 miles long. That made it one of the two major railroads in the world; the other was in Russia, from St. Petersburg to Moscow.

(The New York Central, at that time, was a string of as yet unconsolidated and dilapidated roads of differing gauges, while the road that was to become the Pennsylvania was a state-owned line from Philadelphia to Hollidaysburg.)

Two things helped bail the old Erie out of its financial jam so that it would be able to complete the first stretch of its line:

- Expensive English rails no longer had to be imported. George and Sheldon Scranton had established an iron mill in the Lackawanna Valley. They supplied iron T-rail for the rest of the job—and at the same time founded the city of Scranton and set the roots of the Lackawanna Iron & Coal Co.

- A construction syndicate agreed to accept "income" certificates for its work instead of cash.

- **Festivities**—The inaugural run was a great day. Erie reenacted it this week



COMMODORE Cornelius Vanderbilt fought some fierce wars for control of Erie.



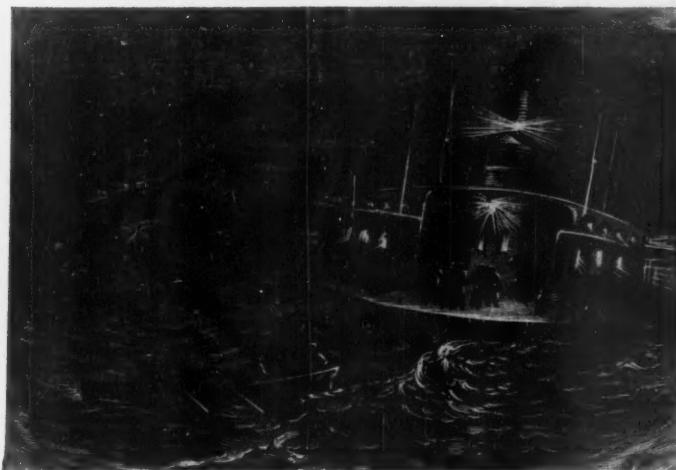
"THE GREAT BEAR," Daniel Drew, merrily raided the line, was finally tossed out.



RIVAL'S BULLET ended the flamboyant career of Erie director Big Jim Fisk.



"GOLD CONSPIRACY" was just a sideline to Jay Gould's Erie manipulations.



"ERIE GANG," led by Drew, Gould, and Fisk, fled by night across the Hudson with the line's cash and papers. Vanderbilt court order played hounds to their Eliza.



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"...the party stopped to marvel at the viaducts spanning Starrucca Creek..."

ERIE RAILROAD starts on p. 44

as part of a commemorative ceremony. But it couldn't match the original show. President Fillmore came up from Washington the day before with no fewer than four of his Cabinet members: Daniel Webster, Secretary of State; John J. Crittenden, Attorney General; W. C. Graham, Secretary of the Navy; and W. K. Hall, Postmaster General.

New York City turned out en masse to welcome its distinguished visitors. And next morning, May 14, Erie's officers and their guests boarded the bunting-draped ferryboat Erie.

Two decorated trains awaited their arrival by ferry at Piermont at 7:45 on May 14. Webster rode a special flatcar, alone in a rocking chair, the better to view the beauties of the route (and perhaps the better to be seen and to deliver a few words at the many stops en route). Some maintain that a jug of applejack was provided for Webster's greater comfort.

The trip was marred early when the engine of the first train proved unequal to the grades. The engine on the second section had to help out until, finally, they limped into Port Jervis 41 minutes late. There, engineer Josh Miller was waiting to show how much better he and his locomotive could do. He whipped the train its next 34 miles in 35 minutes—and many of his eminent passengers clamored to get off. For his pains, he had to delay half an hour while the journals cooled, but he managed to bring the train into Deposit on time.

• **Viaduct**—Just before reaching Susquehanna, the party stopped to marvel at the viaduct spanning the valley of Starrucca Creek. The work of a Scottish engineer, specially imported for the job, its 17 arches, rising 110 ft. above the creek, carried for a length of 1,200 ft. And, though it was built to carry a single track and 10-ton locomotives, it is double tracked today and quite up to carrying 400-ton locomotives and the huge trains they draw. Its keystone arches make it stronger than the day it was built.

About 7 p.m., the trains pulled into Elmira (after 283 miles, many stops, and much oratory).

President Fillmore headed one party that stopped at Brainard's Hotel; Daniel Webster led the other to Haight's.

Merriment lasted well into the night, and a conductor who was to have taken one of the trains on the last half of the run failed to answer the call for the 6:30 departure next morning.

The arrival at Dunkirk about 4:30

the afternoon of May 15 was the signal for the real celebration. At the new Loder House (Benjamin Loder was Erie's president from 1845-53), a mighty banquet waited.

• **Broad Gauge**—But the road's troubles were not solved by completion to Lake Erie. Aside from money, it faced three problems:

• Its road was 6-ft. gauge. It had to tranship cargo at Dunkirk to narrower connecting roads.

• Its line ended at Piermont, 25 miles above New York City and on the opposite side of the river. In 1841 Erie had a chance to buy the Harlem River road for a song—thus getting a road from Westchester County to 23rd St.—but turned it down.

• Its affairs soon were to be entered by Uncle Dan'l Drew—an almost illiterate exdrover and drovers' banker, who had become interested in transportation through steamboats. Boats brought him into contact with "Commodore" Cornelius Vanderbilt, and both had an affinity for Wall Street. Drew joined Erie's board in 1853, soon became treasurer, and began to exploit its stock.

The enduring problem of cash took on new facets. The roadbed was so bad that Erie had 30 serious "accidents" in 1852. There was a rate war with Commodore Vanderbilt who was gathering together the strands of New York Central. And a business slump hit in 1854; three influential directors failed, which hurt the Erie's already queasy credit rating.

• **Bear Raid**—Thus, though cash receipts topped operating costs much of the time, capital outlays kept the treasury empty. Drew, "the great bear," sold short. Erie's stock fell from \$80 to \$43 a share in 1854. Again, in 1857, with Erie hard up, a connecting road of which Drew was a director canceled its freight contracts. Drew sold short, then bought as the stock hit bottom, and the contracts were renewed.

This set a pattern for the next 15 years of Erie speculation. It also set the stage for default—and the receivership of 1857. In 1861 the old New York & Erie emerged as the Erie Railway Co.

The war brought a brief prosperity. Then came a series of battles with Vanderbilt whose lines, by 1866, reached to Toledo. (He had bought the stock of the Harlem road—which Erie had passed up—on the open market. That brought New York Central into the city—and ran the stock up from \$30

to \$285 in a corner that cost Drew, short as usual, a fortune.)

• **Revenge** — Vanderbilt began buying Erie stock—probably to limit competition—and Drew saw a chance for revenge on C'neel.

Erie, as usual, was short on cash and long on floating debt. Drew loaned the road \$3-million on new bonds convertible into stock and paid \$480,000 for 28,000 additional common shares in June, 1866. Drew sold short as Vanderbilt bought. Then Uncle Dan'l converted his bonds and dumped shares on the market until Vanderbilt took to the courts.

• **Gould and Fisk** — Meanwhile, Drew took on as allies two young men who were newcomers to the Erie directorate, Jay Gould and James Fisk, Jr. Fisk got his start running a string of peddlers' wagons, as a Civil War merchant, and as a salesman for a Boston wholesaler. He plunged in Wall Street, losing his shirt but winning Drew's fancy. Uncle Dan'l set him up as a partner in the firm that took care of Drew's trading business.

Gould, a largely self-educated civil engineer, was half owner of a big tannery at 20. Going to New York at 23, he was put in charge of the tottering Rutland & Washington Railroad. With the genius that marked his entire career, he put the road on its feet—meanwhile buying its bonds at 10¢ on the dollar until he had control. With the money thus made, he started his own brokerage house in Wall Street in the early 1860s.

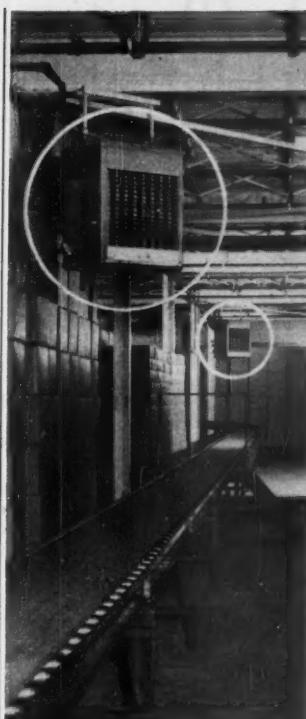
This was a strange trio that set out to fight the Commodore. Drew was 71, gnarled, and as unscrupulous as he was sanctimonious. Fisk was 34, large, heavy, and florid, a swaggerer and boaster. Gould, 32, was slight, dark, and kept his own counsels.

• **War in Court** — Vanderbilt, deluged with stock, had the issue of convertible bonds declared illegal. That led to one of the most tangled webs of suits and countersuits, paid judge against paid judge, ever recorded. Finally, things got so bad that the Erie management, led by the Drew-Gould-Fisk faction, fled across the Hudson in dead of night to avoid arrest for violating Vanderbilt's court orders. They were careful to take with them all Erie's vital papers and an unaccustomed wad of cash—estimated from around \$5-million to \$9-million.

In Jersey City, the Erie gang holed up in Taylor's Hotel, well guarded by railway police. While in "Fort Taylor," someone asked Fisk how it all would come out.

"I can't tell yet," Jim replied. "But I know this much. We'll either dwell in marble halls or behind iron bars."

Meanwhile, Gould braved arrest and went to Albany. Bribed judges weren't



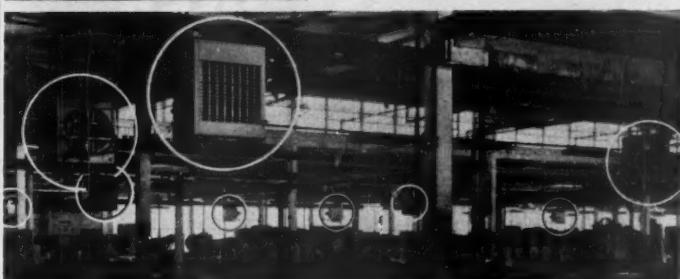
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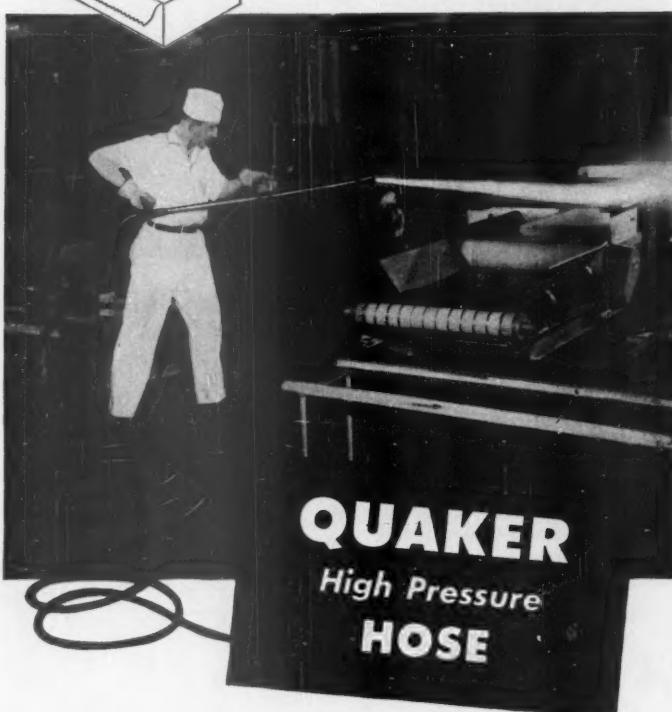
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"...Fisk wasn't in the gold deal at first. But Gould enlisted him..."

ERIE RAILROAD starts on p. 44

enough, so he was determined to buy a legislature. And, though he was arrested for contempt of court, he succeeded in having the "Erie bill" passed, legalizing the convertible bonds that had been Vanderbilt's undoing in the stock market.

• **"Treaty of Erie"**—Uncle Dan'l hadn't been idle, meanwhile. Under cover of darkness, he had been sneaking across the river to see C'neel. The result was the "Treaty of Erie," signed in July, 1868. Under it Drew had to repay a small fraction of his ill-gotten gains to Erie, and Vanderbilt was bought off for about \$3 1/4-million. A few other payments exhausted poor Erie's treasury, and Drew remarked, "There ain't nothin' more in Airy, C'neel."

Gould and Fisk publicly condemned the "treaty." Perhaps it was because they got nothing out of it. But, in any event, they had Erie. The Commodore had had his fill, and Uncle Dan'l had been tossed out.

Soon after, Gould and Fisk bought the Grand Opera House, a huge structure of white marble, at the corner of 8th Ave. and 23rd St. The Erie moved uptown. Fisk became an opera impresario or, as Henry Adams wrote in the North American Review:

"As the opera itself supplied Mr. Fisk's mind with amusement, so the opera troupe supplied him with a permanent harem. Whatever Mr. Fisk did was done on an extraordinary scale."

• **Josie Mansfield**—At least one of Jubilee Jim's biographers denies his affairs with the opera stars. But there is no denying one affair of the heart at approximately that time. Jim Fisk met Josie Mansfield.

Gould had started an affair of his own, which was to become notorious as "The Gold Conspiracy." Perhaps without the knowledge of President Grant, but certainly with the assistance of Grant's brother-in-law, Jay set out to corner the gold market. That was in the summer of 1869.

Gould enlisted Fisk in September, and Jim started buying hand over fist. On Thursday, Sept. 23, Gould began to sell—without telling Jim.

Next day came the climax. Gould had unloaded most of his gold, and Fisk continued to bid wildly as the price rose. Then came the crash; Grant ordered the U.S. Treasury to sell gold. In came \$4-million from the Treasury; the bottom fell out of the market; and on this Black Friday all Wall Street reeled. (Fisk repudiated his contracts

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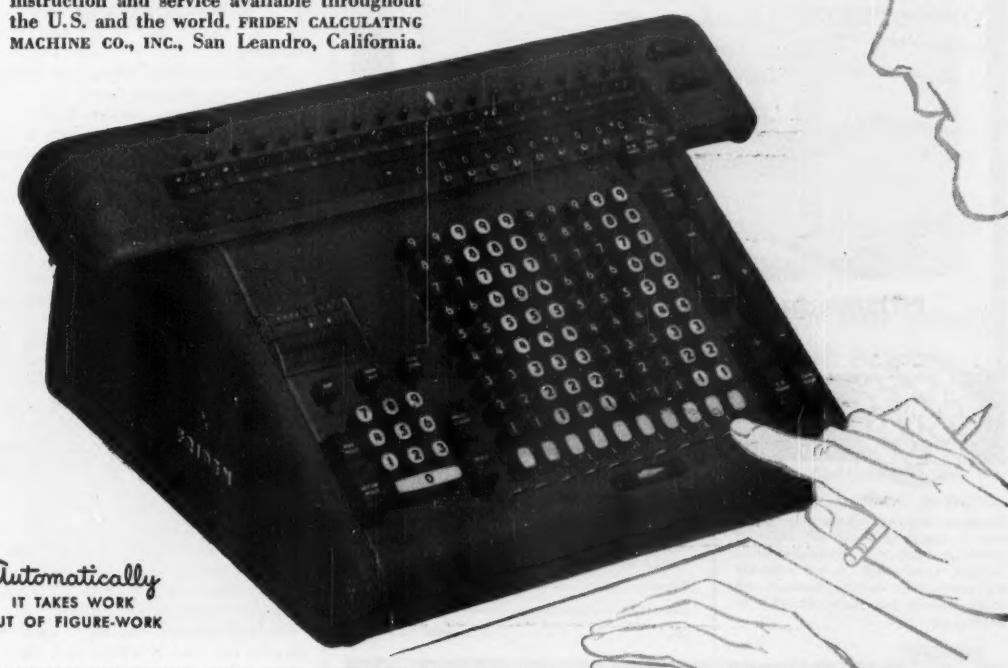
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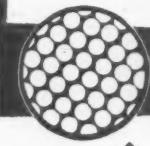
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This crew is applying PC Foamglas on the barrel-shaped roof of the Taylor-Hardy Dairy Company plant, Decatur, Ill. Architect: William H. Weidemeyer, Decatur, Ill.



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"...At the annual meeting, Gould was thrown out..."

ERIE RAILROAD starts on p. 44

and, asked at a later public inquiry what happened to all the money, retorted: "It has gone down where the woodbine twineth."

It didn't require many scandals such as these to place the Erie's reputation at low ebb—and its credit even lower. Yet there were to be others and, at least one, fully as notorious.

• **Admiral Fisk**—Jim Fisk was always in the public eye. He saw to it. He was made Colonel of the 9th Regiment and strutted in his resplendent uniform. Not content with that, he appointed himself Admiral of the Fall River Line, an Erie affiliate. In his admiral's uniform, he saw the boat off almost any afternoon, traveling by hansom cab from the Opera House to the pier.

And, having learned well to drive a four-in-hand in his peddler's business, Jim turned to driving six-in-hand in Central Park to go the dandies of the day one better. And in his carriage, often as not, were a bevy of stars from his opera companies.

So it was indeed a scandal when the public learned, on the afternoon of Jan. 6, 1872, that Fisk had been murdered.

The assassin was Edward S. Stokes, a young man of good family but a free spender who was always broke. Jim had attempted to get him into a successful business and incurred his enmity instead. And while it is true that Stokes had won Jim's beloved Josie away from him, it is pretty firmly established that Stokes was the one who fired the fatal shots, on the stairway of the Grand Central Hotel, because of the business quarrels that had come up between Jim and him.

• **Blue-Ribbon Board**—All this left Gould on the spot. Erie, as usual, needed money. But lenders were not to be found. Influential financiers suggested to Jay that the only way he could clear the grime from Calamity Jane was to get her a blue-ribbon board of directors.

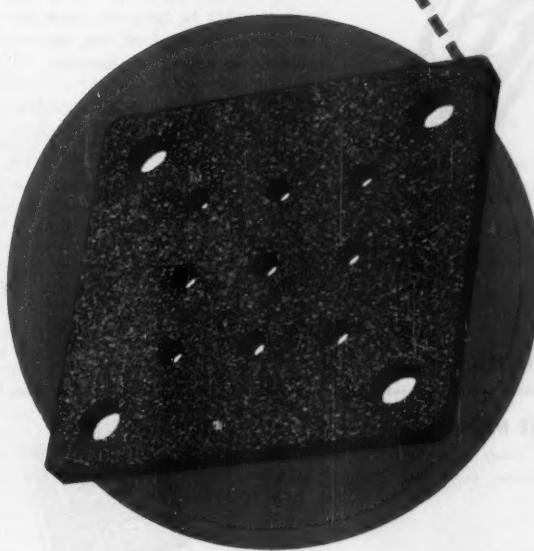
Gould set out to do just that. But what he didn't know until too late was that his own associates had sold out to a British group that was tired of the shabby treatment they had received as holders of the Erie's securities.

At the annual meeting, Gould was thrown out and a whole new slate of officers and directors elected.

But many of Erie's problems remained behind Gould. There were immense cash needs for double tracking, for changing over to standard 4-ft., 8-

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As we listen to the latest insults from Moscow, we're likely to get fighting mad.

Instead, we'd better use our heads and get *working* mad.

It is clear by now that Stalin and his gang respect just one thing—strength. Behind the Iron Curtain they've been building a huge fighting machine while we were reducing ours. Now we must rebuild our defenses—*fast*.

As things stand today, there is just *one* way to prevent World War III. That is to re-arm—to become strong—and to stay that way!

This calls for better productivity all along the line. Not just in making guns, tanks and planes, but in turning out civilian goods, too.

Arms must come first. But we must produce arms *at the same time* we produce civilian goods.

We can do this double job if we all work together to turn out more for every hour we work—if we use our ingenuity to step up productivity.

All of us must now make sacrifices for the common good. But we're working for the biggest reward of all—*peace with freedom!*

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"... The road was on the verge of paying a dividend..."

ERIE RAILROAD starts on p. 44

in, gauge, for improvement of terminals, and for extension (via consolidations and leases) into Chicago. And, in the background, there was the growing insistence of the British stockholders for dividends.

• **Building Up**—The improvement program was carried through vigorously. But not without two more defaults that resulted in receiverships. From the latter of these, a new name, the Erie Railroad Co., emerged late in 1895. This time its capitalization had been squeezed down fairly drastically. And, by then, it was operating over 2,000 miles of owned track, and it controlled or leased an additional 360 miles.

Erie entered the 20th century with traffic growing—but never quite sure where to get hold of cash. This was emphasized in the Panic of 1907. In meeting expenses, the road had incurred \$5½-million of short-term debt. Early in April, 1908, the bankers gathered in the library of J. P. Morgan to talk over what seemed certain to be receivership.

But Edward H. Harriman, sitting apart in front of the fire while listening, settled the issue. He loaned Erie the \$5½-million.

That was to be Erie's last near miss on receivership for a long time. The road nearly doubled its freight traffic in the first quarter of this century. Then it became a part of the Van Sweringen's "empire." And, even though that empire was to prove a house of cards financially, the Vans built up their railroads.

• **Crash Intervenes**—In fact, in 1929, Wall Street was agog with expectation. Erie's stock soared to \$93 a share. The road was on the verge of paying a dividend on its common stock.

The great depression took care of that. And, when the affiliated Chesapeake & Ohio refused to go on Erie's note for a loan from the Reconstruction Finance Corp., Erie went under again in January, 1938.

That's the reorganization that railroaders and bankers agree put Calamity Jane on her feet for good. On June 19, 1942, icicles froze in hell, sure enough! Erie paid a dividend—and has been paying ever since.

Moreover, the old curse of the 6-ft. gauge has turned into a present-day blessing. Modern industry ships big machines. And the Erie—old High, Wide, and Handsome—naturally has the widest shipping clearances of any road in the East.



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* **RUBBER TILE**. A manufacturer of rubber tile uses American DeLuxe Polishers for continuous production-line cleaning.

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Railway Repeats

Great Northern's new president is John Budd, whose father once headed road. New fleet ups passenger service.

The man who moved into the president's chair at Great Northern Ry. this week has an old familiar name.

He is John M. Budd, until last week operating vice-president. Only 43, he becomes one of the nation's youngest presidents of a major railroad. He succeeds Frank J. Gavin, who becomes chairman of the board.

GN old-timers know the Budd name well. John Budd himself has been with the road for most of the past 25 years. His father, Ralph Budd, was GN president from 1919 to 1931.

• **New Fleet**—The new president was hardly in his chair before he announced that GN will put an entire new fleet of streamlined trains into operation between Chicago and Seattle-Portland on June 3. The equipment, costing nearly \$12-million exclusive of locomotives, will be used on the Empire Builder. Each of the five 15-car trains has coach and sleeping car accommodations for 335 passengers.

• **Symbol**—In a sense these trains embody one of Budd's basic beliefs. "Railroads," he maintains, "are judged by their passenger service."

The catch is that transcontinental trains don't fill the whole bill. For GN more than for most railroads, branch line service is the thing closest to the people.

The road's system map shows why. Pushing out from the main east-west line like teeth on a battered comb are nearly two dozen branch lines. They tap farm, mining, lumbering areas. To the people on these lines, the train that brings their mail and supplies in hauls their wheat out, transports them on the rare occasions when they leave the car home—that train is Great Northern.

So GN has tried to improve branch service, too. It has discovered that lack of passenger service doesn't hurt as much as poor service—if people understand why you have to cut.

• **Trained**—John Budd knows his GN in and out. During college he worked with its engineering gangs. After a graduate course in transportation at Yale, he was trainmaster at various stations, superintendent on two divisions. He had three years of military railway service overseas, came back to GN as assistant general manager of eastern lines.

From 1947 to 1949 he was president of Chicago & Eastern Illinois R.R. Then GN called him back again.

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BOOKS

What's Ahead for Business

Economist Slichter takes a hopeful view, on the whole. Biggest promise is growth; biggest danger, inflation.

Probably more businessmen have heard of Sumner H. Slichter than of any other living economist. Slichter, who holds the title of Lamont professor at Harvard, has run the gamut of economic problems—from business cycles and forecasting to labor and social security. Almost everyone with a library card has met up with his work.

Slichter's latest book, *What's Ahead for American Business* (Little, Brown & Co., \$2.75), stakes out the future development of U.S. business. He feels the future's big promise is growth—which will come partly from a growing population, and partly from increased productivity. Biggest danger is inflation.

• **Generally Fair**—As Slichter sees it, the economy will grow under forced draft during mobilization. In fact, his forecasts closely parallel mobilization director Charles E. Wilson's targets for production. Production will soar, to provide \$50-billion of guns and almost as much for consumers as in 1950.

Controls will be needed to check demand substantially larger than output. But Slichter believes that demand will run ahead of both production and controls—slowly forcing prices upward.

• **\$64 Question**—Slichter is at his best when he's looking beyond this period. It's then that he tries to answer the questions haunting many businessmen today: What are the lasting effects of mobilization? Where will business go after mobilization tapers off?

Slichter sees continuing prosperity: "The community will continue to be committed to the policy of maintaining a high level of employment. Sooner or later the policy may be strongly questioned, modified, or abandoned, but that does not seem to be an immediate likelihood." But it will be challenged in the end for "it means tolerating a more or less constantly rising price level or imposing restraints on collective bargaining."

However, it'll be a decade or more before people have to face that decision. One reason: It's likely to be some years before people have to worry about maintaining full employment as such.

• **Boom Will Continue**—This postmobilization community will be good at de-



"There seems to be scarcely any limit to the capacity of men to consume goods."

veloping new products and new industries: "For some years expenditures on industrial research have been increasing rapidly. They were eight times as large in 1940 as in 1920, and they are now over twice as large as in 1940."

Who will gain from all this? "Most of it will go to employees and the self-employed, in the form of higher wages and sustained prices. This is not a new condition. During the last century or more, wages have moved upward most of the time fast enough to prevent technological advances from producing a drop in the general price level."

• **Also Government Expenditures**—The economy may grow like Topsy, but growth in government expenditures shows no sign of slowing down either. "Indeed the country will be fortunate if it can prevent [government expenditures] from growing faster than the national output. There will probably be frequent deficits in the government budget . . . because . . . 'politicians will always be more ready to spend than to tax.' But the burden of the debt is not likely to increase. Barring general war, the economy is likely to grow faster than the public debt will rise."

• **Slow Growth for Unions**—Unions will continue to grow. But the rise will not be rapid. "It is true that the present membership of about 14-million is less than half the nonsupervisory and non-technical employees of industry. Nevertheless, most of the workers who are



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MARYLAND — iron and steel . . . textiles . . . clothing . . . processed foods . . . chemicals . . . electric equipment . . . shipbuilding . . . aircraft . . . fisheries . . .

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Mineral Ridge, Ohio
Oregon City, Ore.
Philadelphia, Pa.
Reidsville, N. C.

easiest to organize belong to unions."

• **Economy More Stable**—The economy will be more stable, says Slichter. "Although the importance of new causes for instability should not be underestimated, the changes that make the economy more stable seem to be more important . . . And there is a possibility that new controls will be applied to some of the new sources of instability. For example: Sooner or later the controls on consumer credit, authorized as emergency measures, during the Second World War and again in 1950, will probably be made permanent."

• **Higher Standards for Management**—The job of industrial managers will get still rougher. "It will become a more exacting one and will require more training. The demands made on managers have been increasing for a long time. There are no signs that these demands will become less . . ."

All these things Slichter sees as among the most probable developments. There's much more uncertainty when you look at the future of trade unions or the future organization of the economy. But here are the highlights in this area:

• **Role of Unions**—On the future of unions, Slichter, who was one of the first professional economists to work in the labor field, sees little change in their objectives as they grow. He's convinced that "unions will not sponsor an independent labor party, and, while their influence in the established political parties will be great, it will also be limited."

Slichter doesn't believe a labor party would work in the U.S. For one thing, U.S. union members aren't a "submerged working class." And experience abroad shows the leadership in labor parties goes to party leaders, not union leaders.

• **Inflation Bug**—This country may even come to limiting the process of raising wages through collective bargaining. Because wages determine prices, the country may decide that it can't permit price levels to be set through collective bargaining.

"Nothing less than the integrity of the dollar is at stake, because people cannot afford to hold, over a long period of time, assets payable in a fixed number of dollars if the value of the dollar steadily drops . . . it looks as if the country will eventually have to decide which is the lesser evil—the regulation of collective bargaining or the acceptance of a steadily depreciating dollar."

• **Capacity Is Unlimited**—Dominating in Slichter's survey of the future for American business is the prospect of growth. The growth will come partly from a growing population, but more importantly from raising productivity.

"The need for more output per man-hour is virtually unlimited because there seems to be scarcely any limit to the capacity of men to consume goods."



Insurance . . . and The National City Bank of New York

Insurance probably began with the merchants of ancient Rhodes who shared among themselves the risk of the loss of their galleys at sea. Since then, insurance of one kind or another has been the "anchor to windward" that has protected countless businesses and families in time of trouble.

Expanding in response to man's needs, the scope of insurance has broadened until insurance companies now are willing to share with you the risk of almost any conceivable disaster.

Insurance companies help 80 million American people to save, and furnish them protection from the accidents of life. They safeguard practically every business organization from loss due to natural hazards and human failures. They are great storehouses for receiving people's savings and directing them into useful investment. In 1949, life, fire, casualty, marine and surety companies wrote 32 billion dollars' worth of

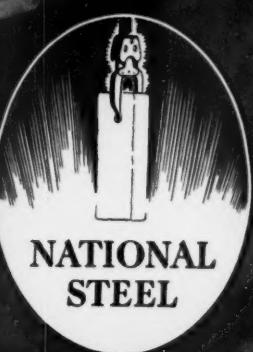
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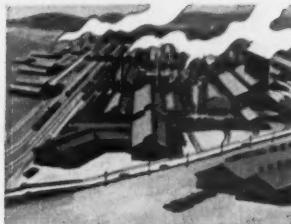
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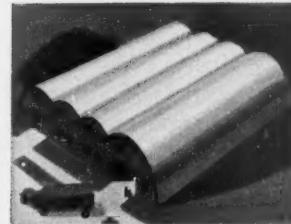
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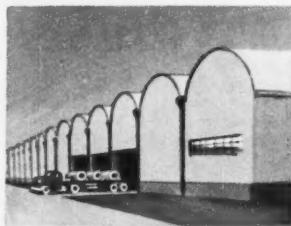
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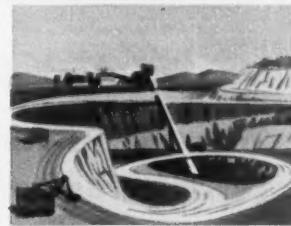
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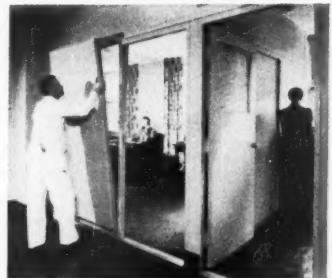
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FIGURES OF THE WEEK



ALL KINDS OF STEEL go into the finished steel composite.

ELEVENTH OF A SERIES

Ifs and Buts of Steel Price

Steel is gold today—and that's no alchemist's dream. In fact, it's probably one of the most obvious industrial developments of the whole Korea era.

This week's Figure of the Week is a price—a composite price—for finished steel. But unlike prices in the commodities market (BW—May 12'51,p60), this one isn't a sensitive product of rapid-fire operation of supply and demand. Prices for wheat and corn quoted every day move with the slightest change in the mood of buyers and sellers. But—today more than ever—listed steel prices don't show the extent of the demand for steel.

• **Fixed Output**—The whole supply-demand picture comes apart when you try to apply it to steel. There are a fairly constant number of suppliers, and over short periods their output is fixed. Increases in supply mean large-scale installation of new equipment, especially in recent years when practically all productive capacity has been pushed to the limit on a regular basis.

On the other side of the market—the demand side—the situation is quite different. Comes Korea, and everybody wants lots more steel, right away. But even with steel expansion programs being pushed all over the industry, supply can't increase very much in a hurry. So steel turns into gold.

But BUSINESS WEEK's Figure of the Week hardly shows the change at all, although it is about as good a steel price

indicator as any. There are several sources for steel prices; associations and publications put them out regularly. BW gets its figure from Iron Age. It is an average of prices quoted by a number of mills around the country on a variety of widely used forms of finished steel. • **Cents Per Pound**—It quotes in cents per pound though nobody buys a pound of steel, and it covers steel bars, shapes, plates, wire, rails, black pipe, hot- and cold-rolled sheets and strips. These are the principal types of finished steel. Any steel is considered to be in finished form when it is through with all rolling or drawing. Any steel sold that will be later rerolled or drawn is known as semi-finished steel.

Finished steel bars are one of the most commonly used forms of steel. The auto industry is their biggest consumer, but they turn up everywhere made into machine parts, cutting and working tools, and practically every other small steel object. They look the way you'd expect a bar to look, but they can be square, round, or almost any other shape.

Shapes are structural steel shapes, the kind that form the skeletons of large buildings. Plates go into ship hulls, motor bases, etc. Wire is wire, but it also can turn up as springs, fences, and nails. Black pipe is one of the most widely used forms of pipe; it carries water, sewage, and the like. Sheet and strip steel are used for everything from car



Ben Gorder, Galchutt, N.D. farmer, points out that it's his tractor that makes it possible for him to put practically every foot of his 360-acre farm into cultivation.

Horses to Horsepower...

Midwest Farms Have
131% More Tractors
Than U.S. Average

Horses to horsepower explains the amazing food production record of U.S. farmers. And on farms of Midwest Unit Farm Paper subscribers, mechanization has developed faster than in any other part of the country.

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PHENOLIC PLASTICS THAT FIT THE JOB

"... just like tossing in a radio and heater to clinch the sale of a car..."

FIGURES OF THE WEEK starts on p. 63

bodies to garbage cans with farm implements and kitchen sinks thrown in.

● **Wholesale**—The Figure of the Week is really an average of basic wholesale prices. Basic means they don't include any of the usual extras such as size, gauge, finish, heat-treating. If you want a sheet heavier than the standard size and you want it wider and with a special finish, you pay extra for each requirement.

In practice, extra charges aren't too hard and fast. In the old days, when steelmakers had to compete for business, salesmen would frequently drop extra charges. It was just like tossing in a radio and heater to clinch the sale of a car. Today some operators may be charging customers for extras they don't get—which gives the price an illegal boost.

Besides that, since these are mill prices, they are in effect wholesale prices. Only users who consume so much steel that they can deal directly with mills get these prices. Smaller users generally have to buy from warehouses or middlemen. Warehouse prices run somewhat less than twice the mill price.

Warehouses distributed about 19% of all the steel produced last year. Most of the rest went directly either to metal-products manufacturers or, in the case of structural steel, to fabricators who are also contractors on construction projects. About 5% of total steel was sold in some semifinished form, from ingots to slabs, billets, sheet bars, and tube rounds.

The Figure of the Week gives a pretty good idea of what should be paid by big fabricators to mills for major kinds of steel around the country. Since small users don't—for the most part—deal directly with mills, the "retail" prices they pay to warehouses and others aren't reflected at all in the figure.

● **Whose Price?**—Wheat prices may change 100 times in a single day, but steel prices may go for a year or more with minute changes or none at all. The big difference is that no wheat farmer can charge a penny a bushel over the going price as long as somebody else around will sell at the going price. Practically speaking, a farmer has no choice on prices once his crop is in the ground. He has to take whatever is offered because his selling or withholding of his crop can't affect the market price at all. In steel it works a little differently.

Normally steel companies establish

How Big Is BIG For Corporate Profits?

TOTAL corporate profits in 1950, after taxes, were about two and a half times as large as in 1929, and more than four times as large as in 1939. Should these profits be further drawn upon to finance rearmament?

Nothing could be more fallacious than to draw conclusions regarding the relative prosperity and taxpaying capacity of corporations from changes in aggregate reported profits without examining the real meaning of the changes. The total dollar profits of corporations are very large, but when allowance is made for some of the underlying factors—the growth of the country, the rise in the price level, the swings of the business cycle—the picture changes.

In a growing country like the United States, population, employment, production, and incomes in general tend to increase from year to year. Over a period of years, the growth is substantial. These factors of growth are generally recognized in connection with wage payments and other forms of income. In connection with corporate profits, they are too often forgotten. Yet it is natural and necessary that corporate incomes should increase along with other incomes.

The dollars in which corporate (and other) incomes have been reported in recent years have been shrinking dollars. Depreciation based on original cost of plant and equipment is short of the amount that must actually be set aside to meet the replacement cost. Moreover, the upward price trend means that corporations have sold goods at prices which are high in relation to the original cost of materials but not in relation to the cost of replacing those materials.

Even without these qualifications, corporate profits as actually reported are not high in relation to other economic aggregates that are fairly comparable. One such figure is the gross national product, which, like corporate profits, is affected by growth and price changes. The percentage of corporate profits to gross national product was 7.9 in 1950, as against 8.1 in 1929. A similar comparison with the total national income gives 9.3 per cent, as against 9.6 per cent. In relation to total compensation of employees, the corresponding percentages are 14.4 for 1950 and 16.5 for 1929.

The year 1929 is chosen as the basis for comparisons because it was, like 1950, a year of general business prosperity. It is true that the proportion of corporate profits after taxes to the gross national product in recent years has been considerably higher than it was in the 1930's. But this is both normal and necessary. Business profits are the most variable of all forms of income. In bad years they often shrink to low figures, or even become substantial losses. American corporations as a whole reported net losses of more than \$5 billion for the three-year period 1931-1933, and throughout the 1930's profits remained low. Our economy would be headed for disaster if the profits of good years were not allowed to make up for the losses of bad years.

From the May issue of THE GUARANTY SURVEY, monthly review of business and economic conditions published by the Guaranty Trust Company of New York. The

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The man who used to sit at this designer's desk in a New Orleans shipyard was hurt in an automobile smash-up near Biloxi, Mississippi.

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For the last few months, his work—more important than ever in these days of all-out production—has been farmed out to free-lance designers. Now, with the grim facts about their designer's injury before them, the heads of the company must hire a new man to take over his job.

That will solve one problem which is troubling the men who run this business. But with a new man on the payroll, what

will they do about the disabled designer's salary?

If they continue his pay, it will be at the expense of everyone who works for the firm. If they stop paying him or reduce his salary drastically, what will the injured man and his family live on?

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"...That doesn't mean it won't cost you more to buy steel..."

FIGURES OF THE WEEK starts on p. 63

their own prices. If somebody else is undercutting them they generally adjust to meet the competition (although today slight variations probably don't matter much). In the past, when U.S. Steel adjusted its prices, it was the custom for the other steel producers to reexamine and generally to adjust theirs, too. But that didn't happen too often, so BUSINESS WEEK's Figure of the Week hasn't fluctuated violently over the years.

• **Regulation**—Today, however, there is another and more cogent reason why the Figure of the Week is holding steady—price control. Officially, steel prices are fixed; and since it would be almost impossible to obtain and classify deviations from legal prices, the figure remains motionless. That doesn't mean it won't cost you more to buy steel than it used to. It all depends on who you are, whom you buy from, and how much you need now in relation to what you used to need.

• **Other Means**—If you have been dealing directly with a major mill or warehouse on a long-term basis, chances are you are getting what you used to get. But you may not be getting any more, no matter how badly you need it. That's the situation almost everybody is in, but in one way or another it is being solved—sometimes by perfectly legal though expensive means; other times by other means.

It isn't possible to estimate either the quantity of steel traded through these "other means" or the prices being paid for it—at least not to the extent necessary to correct the Figure of the Week so that it would exactly mirror the real situation.

• **Conversion**—One of the widely used ways of getting more steel is conversion. At various times in various places mills have surplus capacity of one kind or another. A broker or consumer can take advantage of this surplus capacity and get steel out of it—but at very fancy prices.

Here's how conversion works: Mill A has more ingots than it can roll, so it sells them to a customer who ships them to Mill B, which has excess slab-rolling capacity. They are rolled into slabs, and then the customer ships them to Mill C for hot-rolling into sheets. Then they may go to Mill D for cold-rolling.

This is roughly what happens to any steel that is converted from ingots to sheets. But instead of going a distance of 50 yd. or 100 yd. from one station to another, it goes maybe 100 mi. or more—it's the shipping that costs money.

In a completely legal conversion deal, a ton of steel with a mill price of \$100 will cost somewhere near \$200. But conversion involves so much handling that there are plenty of opportunities for unscrupulous operators to tack on little extra charges that can easily run the price up to \$300 or \$400.

• **Imports**—Another—and simpler—way to get steel today is to buy imported steel. Much of the European steel sold here is handled by legitimate operators at prices of around \$250 a ton, so it's expensive enough that way. But some operators are getting as much as \$400 a ton for it. In at least one case a legitimate importer was forced out of business recently because he couldn't compete with black-market operators in bidding for foreign steel.

Small quantities of domestic steel are going directly into the black market—largely where warehouses had a little extra steel lying around when the squeeze hit.

There's no way of telling what these deals add to the average price of all steel sold, but it probably isn't too much. Suppose a manufacturer needs 6,000 tons of steel. Say he can get 5,000 tons at legal mill prices; on the other 1,000 tons he has to pay a premium of \$200 a ton. That figures out to an average increase of about \$33 a ton—a long way from \$200.

Even before Korea mobilization, nearly all steel was spoken for through reasonably legitimate channels. So there just wasn't much to be obtained from the fast-shuffle boys, compared with three years ago when prices and black market legends were fantastic. This also means that even if a producer is ready to pay any price for steel needed to keep his business operating he will have a tough time getting any.

• **Makeshifts**—In the case of big users like the auto industry, all kinds of improvisations are being used. One car maker wound up buying a bunch of railroad axles and having them rolled into bars.

Another one had to bail a parts supplier out of a tight squeeze by furnishing him with steel. Later when another supplier was in trouble over steel, the car maker went to the first supplier to buy some back—and had to pay a premium to get it.

But who can say how much these deals add to the over-all price? BUSINESS WEEK can't, and no one else has tried, so if you want to know how much steel should cost take a look at the Figure of the Week.

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MANAGEMENT

Top Salaries in the Billion-Dollar Companies

NAME	SALES	TOTAL COMPENSATION
Charles E. Wilson, president, General Motors Corp.	\$7,531,000,000	\$652,156
Crawford Greenewalt, president, E. I. du Pont de Nemours & Co.	\$1,310,000,000	\$539,550
Eugene Grace, chairman, Bethlehem Steel Corp.	\$1,440,000,000	\$464,321
J. F. Drake, chairman, Gulf Oil Corp.	\$1,150,000,000	\$391,084
Lingan Warren, president, Safeway Stores, Inc.	\$1,101,000,000	\$367,754
Charles E. Wilson, president, General Electric Co.	\$1,960,000,000	\$280,234
K. T. Keller, chairman, Chrysler Corp.	\$2,191,000,000	\$250,800
Benjamin Fairless, president, U.S. Steel Corp.	\$2,947,000,000	\$222,897
G. A. Price, president, Westinghouse Electric Corp.	\$1,020,000,000	\$216,231
Eugene Holman, president, Standard Oil Co. of N. J.	\$3,135,000,000	\$209,918
W.S.S. Rodgers, chairman, Texas Co.	\$1,249,000,000	\$171,177
Robert E. Wilson, chairman, Standard Oil Co. (Indiana)	\$1,303,000,000	\$149,970
B. B. Jennings, president, Socony-Vacuum Oil Co.	\$1,367,000,000	\$146,433
Fowler B. McConnell, president, Sears, Roebuck & Co.	\$2,556,000,000	\$127,378
Frederick Specht, president, Armour & Co.	\$1,860,000,000	\$103,200
Sewell Avery, chairman, Montgomery Ward & Co.	\$1,170,000,000	\$101,100
John Holmes, president, Swift & Co.	\$2,214,000,000	\$100,000
TOTAL	\$35,504,000,000	\$4,494,203

N.B.: Total compensation figures above include company contributions to executive's pensions. Figures for the Bell System and Great Atlantic & Pacific Tea Co., which complete the list of billion-dollar companies, not available for tabulation.

Data: SEC reports for 1950.

BUSINESS WEEK

Top Executive Salaries Rise Along With Profits

Top executive pay went up last year right along with the biggest industrial earnings on record. And the same company—General Motors Corp.—was at the top of the heap in compensation, as well as in earnings (chart).

Headed by Charles E. Wilson's \$652,156, the compensation (including pensions) of each of the top seven GM officers put most other company execu-

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Here is a floor-maintenance machine that not only can be used for many types of floor care, but also affords the further economy of a machine that is two sizes in one. This 100 Series Finnell, in one of the larger sizes as shown above at left, can be reduced to the small size unit shown in circle.

Note the low, trailer-type construction of the machine, and how easily it goes beneath furnishings. Thus it is ideal for use in crowded areas of factories and textile mills, and in offices, schools, and hospitals. In fact, the dual size feature and low construction of the machine adapt it to use on many floors otherwise inaccessible to machine care.

As easy to handle as a household vacuum cleaner, yet this Finnell is powerful . . . fast . . . and thorough. Mounts a G. E. Drip-Proof Capacitor Motor . . . is equipped with Timken Bearings. And the ruggedly constructed worm drive, housed in an extra-capacity leak-proof gear case, lubricated for 1500 hours, assures smooth, noiseless performance. A precision product throughout. Three sizes: 13, 15, and 18-inch brush diameter.

The nearby Finnell man is readily available for training your maintenance operators in the proper use of Finnell equipment. For consultation, free floor survey, demonstration, or literature, phone or write nearest Finnell branch or Finnell System, Inc., 3805 East Street, Elkhart, Indiana. Branch Offices in all principal cities of the United States and Canada.



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lives in the shade. All seven earned more than \$400,000.

• **Limit**—At the annual meeting next week, GM stockholders will have a chance to vote a limit of \$200,000 for an executive. That is a proposal put into the proxy statement by Lewis D. and John J. Gilbert, long-time gadflies of corporations, who hold 48 shares each.

The proposal hasn't a chance in a thousand to pass, but if it did it would leave GM far down on the list of high-paying companies. In 1950 a lot of them paid their chief executives much more than that.

In this issue, BUSINESS WEEK publishes the latest figures for 57 top-drawer companies that have reported their officers' and directors' compensation for 1950. They are tabulated alphabetically under 28 industrial categories on pages 72, 74, and 76.

By far the most spectacular figures were among the 17 companies with sales of \$1-billion or more (not including, of course, financial institutions). Though tops in earnings, GM's Wilson was third in size of pay increase in this group. He made \$40,000 more than in 1949. He was behind du Pont's Crawford Greenewalt, who got a \$100,000 boost, and Bethlehem Steel's Eugene Grace, with a \$130,000 raise.

There were standout exceptions to the higher pay trend both in the billion-dollar industrial group and in others in the survey. Louis B. Mayer, usually a leader in personal earnings, took a \$150,000 cut, but still made \$355,355 at Loew's, Inc. American Tobacco Co. executives also were hit. Most of them ended up about \$98,000 short of 1949. Other exceptions: Fowler McConnell of Sears, Roebuck & Co., Sewell Avery of Montgomery Ward, and W. S. S. Rodgers of Texas Co. (who earned \$1 less than the year before).

• **No Pattern**—As usual, the survey failed to show any definite pattern of executive salaries. Size, of course, has a lot to do with what companies pay. But many with sales far under the \$1-billion level paid considerably more than some of the industrial giants. For instance, Harold Blancke, Celanese Corp. president, earned \$229,177 against John Holmes' \$100,000 at Swift & Co.

Some other facts the survey turned up:

• Base salaries weren't altered too much. The boosts came mostly from bonuses, profit sharing, stocks, or in many cases increases in payments by companies to executive retirement funds. Compensation figures in the tabulation include all such payments to the executive or on his account. They do not include the prospective value of stock options, an increasingly popular device (BW—Apr. 7 '51, p45).

• Regardless of size, pay depends to a large extent on your industry (BW



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—Jan. 20 '51, p. 88). Autos, movies, liquor, radio and TV, soap, textiles, and oil paced the management field.

• Even within industries there can be big differences. In textiles, J. P. Stevens & Co., for instance, with sales of \$294-million, gave its top-paid executive \$94,326. That was way below the third-highest-paid man at Burlington Mills

(sales \$286-million) who got \$235,000.

Results of the BUSINESS WEEK survey are tabulated below. The list includes the top-paying companies in 28 industrial categories that had filed with the Securities & Exchange Commission up to about May 1. Later reports from other companies may change standings within an industry:

AGRICULTURAL MACHINERY

	Salary	Bonus	Pension	1950 Total	1949 Total
Allis-Chalmers Mfg. Co.					
Walter Geist, Pres.	\$ 78,283	—	—	\$ 78,283	\$ 76,150

(deceased, Jan. 1951)

International Harvester Co.

John L. McCaffrey, Pres.	\$ 162,050	—	\$ 16,648	\$ 178,698	\$ 176,297
Fowler McCormick, Chrm.	121,700	—	—	121,700	151,591

AIRCRAFT MANUFACTURING

United Aircraft Corp.					
H. Mansfield Horner, Pr.	\$ 103,230	\$ 50,000	\$ 3,298	\$ 156,528	\$ 150,710
Frederick B. Rentschler, Ch.	102,650	—	—	102,650	103,450
Boeing Airplane Co.					
William Allen, Pres.	\$ 60,000	\$ 4,186 (\$3,114-stock)	\$ 67,300	\$ 62,500	
Wellwood Beall, Vp.	38,335	2,114 (\$1,586-stock)	42,035	37,275	

APPAREL

Hart, Schaffner & Marx					
Meyer Kestnbaum, Pres.	\$ 75,100	\$ 20,000	\$ 4,976	\$ 100,076	\$ 92,350
Morris Greenberg, Vp.	35,000	12,000	2,657	49,657	47,596
Cleatt, Peabody & Co. Inc.					
Barry Leithhead, Pres.	\$ 93,787	—	\$ 1,396	\$ 95,183	\$ 86,340
Sanford Cleatt, Vp.	66,000	—	—	66,000	66,000

AUTOMOBILES

General Motors Corp.					
Charles E. Wilson, Pres.	\$ 201,300	\$ 425,000*	\$ 25,856	\$ 652,156	\$ 610,666
Albert Bradley, Ex. Vp.	161,425	380,000*	19,619	561,044	529,868
Marvin E. Coyle	151,100	375,000*	68	526,168	496,035
Harlow Curtice, Ex. Vp.	151,100	380,000*	16,665	547,765	511,959
Ronald K. Evans, Ex. Vp.	126,825	320,000*	16,986	463,811	426,350
Louis Goad, Ex. Vp.	121,100	320,000*	9,215	450,315	419,895
Frederic G. Donner, Vp.	121,070	320,000*	8,821	449,891	419,718

*Payable in stock and cash in five equal annual installments.

Chrysler Corp.

I. L. Colbert, Pres.	\$ 127,433	\$ 80,000	\$ 5,926	\$ 213,359	\$ 176,342
B. E. Hutchinson, Vp.	225,800	—	—	225,800	225,700
K. T. Keller, Chrm.	250,800	—	—	250,800	250,800
Fred M. Zeder, Vice-Chrm. of Bd.	215,400	—	—	215,400	215,400

BISSCUITS, CAKE

Continental Baking Co.					
Raymond Stritzinger, Pres.	\$ 68,962	—	\$ 8,968	\$ 77,930	\$ 71,157
M. Lee Marshall, Chrm.	50,768	—	—	50,768	96,624
National Biscuit Co.					
George H. Coppers, Pres.	\$ 109,867	—	\$ 59,062	\$ 168,929	\$ 101,800
Roy E. Tomlinson, Chrm.	91,100	—	41,096	132,196	91,100

CHEMICAL

E. I. duPont de Nemours & Co.					
Crawford Greenewalt, Pres.	\$ 139,550	\$ 400,000	—	\$ 539,550	\$ 438,550
Angus B. Echols, Vp.	84,100	300,000	—	384,100	313,350
Union Carbide & Carbon Corp.					
Fred Haggerson, Pres.	\$ 180,215	—	\$ 38,900	\$ 219,115	\$ 225,000
James Rafferty, Vp.	150,000	—	—	150,000	173,430

CIGARETTES

R. J. Reynolds Tobacco Co.					
James Gray, Chrm.	\$ 100,000	\$ 110,000	\$ 11,938	\$ 221,938	\$ 229,216
John C. Whitaker, Pres.	66,250	39,820	7,781	113,851	112,353
American Tobacco Co.					
Paul Hahn, Pres.	\$ 101,333	\$ 125,876	—	\$ 227,209	\$ 254,448
Richard Boylan, Vp.	50,000	106,292	—	156,292	254,448
James Coon, Vp.	50,000	106,292	—	156,292	254,448
John Crowe, Vp.	50,000	106,292	—	156,292	209,637
Preston Fowler, Vp.	50,000	106,292	—	156,292	254,448
Liggett & Myers Tobacco Co.					
J. W. Andrews, Pres.	\$ 45,000	\$ 84,975	\$ 180	\$ 130,155	\$ 150,485
W. A. Blount, Vp.	35,000	84,975	2,748	122,723	125,533
B. F. Few, Vp.	35,000	84,975	10,083	130,058	133,890

DAIRY PRODUCTS

The Borden Co.					
Theodore Montague, Pres.	\$ 132,950	—	—	\$ 132,950	\$ 133,000
Harold Comfort, Exec. Vp.	71,599	9,000	3,204	\$ 83,803	79,750

Continued on Page 74



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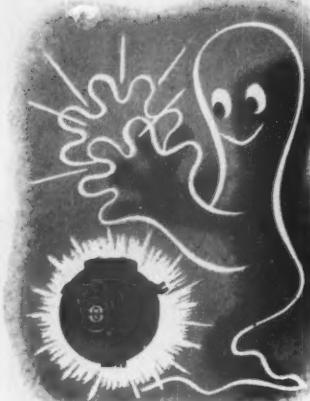
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EXECUTIVE SALARIES

	Salary	Bonus	Pension	1950 Total	1949 Total
National Dairy Products Corp.					
L. A. Van Bommel, Pres.	\$150,860	—	—	\$150,860	\$150,500
John H. Kraft, Vp.	115,263	—	946	116,209	111,690
DEPARTMENT STORES					
Allied Stores Corp.*					
B. Earl Puckett, Pres.	\$ 40,200	\$ 85,000	\$56,811	\$182,011	\$127,603
Edward Milton, Vp.	49,120	76,000	5,045	130,165	137,029
R. H. Macy & Co.*					
Jack I. Straus, Pres.	\$125,480	—	\$19,519	\$144,999	\$155,081
Edwin Chinlund, Vp.	100,000	—	14,704	115,024	109,894
*yr. ended July 29, 1950.					
DISTILLERIES					
Distillers Corp.-Seagram's Ltd.*					
Samuel Bronfman, Pres.	\$104,166	—	\$ 8,162	\$112,328	\$ 58,905
James Friel, Vp.	79,000	50,000	17,550	142,550	142,410
*yr. ended July 31, 1950.					
National Distillers Products Corp.					
Saton Porter, Chrm.	\$152,220	\$ 75,012*	\$28,584	\$255,816	\$325,962
John Bierwirth, Pres.	152,220	75,012*	8,400	235,632	—
*plus 2783 shares common stock.					
DRUGS					
Sterling Drug Inc.					
James Hill, Jr., Pres.	\$101,404	\$ 30,000	\$ 5,158	\$136,562	\$125,783
E. L. McClintock, Vp.	54,800	12,000	2,870	69,670	68,358
Roxall Drug Inc.					
J. W. Dari, Pres.	\$ 50,000	—	—	\$ 50,000	\$ 50,000
F. T. Lane, Vp.	40,000	—	—	40,000	40,000
ELECTRIC EQUIPMENT					
General Electric Co.					
Charles E. Wilson	\$125,000	\$155,234*	—	\$280,234	\$277,000*
Philip D. Reed, Chrm.	80,000	102,128*	—	182,128	180,000*
Ralph J. Cordiner, Ex. Vp.	80,496	86,809*	—	167,305	143,250*
*Includes shares of stock contingently allotted for deferred payment.					
Westinghouse Electric Corp.					
G. A. Price, Pres.	\$125,550	\$ 78,689	\$10,992	\$216,231	\$210,607
G. H. Bucher, Dir.	91,550	15,738	10,259	117,547	116,197
GROCERIES					
Standard Brands Inc.					
Joel S. Mitchell, Pres.	\$100,000	—	\$ 9,308	\$109,308	\$ 87,500
Joseph A. Lee, Vp.	65,000	—	10,764	75,764	54,417
GROCERY STORES					
The Kroger Co.					
Charles Robertson, Chrm.	\$ 50,000	—	—	\$ 50,000	\$ 57,692
Joseph Hall, Pres.	125,769	—	—	125,769	125,000
Safeway Stores Inc.					
Linton Warren, Pres.	\$ 60,000	\$307,754	—	\$367,754	\$368,542
A. D. Kirkland, Vp.	60,000	87,101	19,767	166,868	147,416
Dwight Edwards, Vp.	60,000	87,101	18,500	165,601	147,416
INDUSTRIAL MACHINES					
Dresser Industries Inc.					
H. N. Mallon, Pres.	\$ 64,000	\$ 40,200	\$11,740	\$115,940	\$109,247
J. B. O'Connor, Exec. Vp.	50,000	40,200	9,753	99,953	94,753
Ingersoll-Rand Co.					
D. C. Keefe, Pres.	\$125,000	—	\$ 84	\$125,084	\$122,591
D. R. Lowry, Exec. Vp.	90,000	—	\$ 84	90,084	90,091
MAIL ORDER HOUSES					
Sears, Roebuck & Co.					
Robert E. Wood, Chrm.	\$ 75,000	\$ 41,280	\$10,258	\$126,538	\$131,058
Fowler B. McConnell, Pr.	75,000	46,280	6,098	127,378	131,812
Montgomery Ward & Co.					
Sewell Avery, Chrm.	\$101,100	—	—	\$101,100	\$101,900
Stuart S. Ball, Pr.	80,900	—	—	80,900	68,777
MEAT PACKING					
Armour & Co.					
Frederick Specht, Pr.	\$103,200	—	—	\$103,200	\$102,700
John Sanford, Vp.	84,913	—	—	84,913	84,580
Swift & Co.					
John Holmes, Pres.	\$100,000	—	—	\$100,000	\$100,000
William Traynor, Vp.	70,000	—	—	70,000	70,000
MOTION PICTURE PRODUCERS					
Paramount Pictures Inc.					
Henry Ginsburg, Vp.	\$260,000	—	—	\$260,000	—
Y. Frank Freeman, Vp.	130,000	—	—	130,000	—
Barney Balaban, Pres.	104,000	(plus expense allowance of \$20,800)	—	124,800	—
Loew's Inc.					
Nicholas Schenck, Pres.	\$130,357	\$ 94,411	\$52,997	\$277,765	\$277,764
Louis B. Mayer, Vp.	156,429	143,571	55,355	355,355	509,622

Continued on Page 76

1951 reasons for making your next tractor an International



New International L-185 Readliner (GVW 21,000 pounds; GCW 42,000 pounds). Outstanding features: Super Red Diamond valve-in-head engine; new specially designed sleeper cab; five-speed transmission with overdrive.

Here's something important to remember in 1951: When you buy a new International tractor, you buy a truck backed by America's largest exclusive truck service organization.

International Truck Dealers and Company-owned Branches are ready to give you quick service at home or on the road. They have the stock of parts, the factory-trained mechanics, the complete equipment they need to keep your International operating at a profit.

Heavy-duty engineered

Here's still another good reason why a new International tractor is a mighty smart buy for you. Every new International Truck is heavy-duty engineered

with the traditional stamina that has kept Internationals first in heavy-duty sales for 19 straight years.

This means that you'll have fewer maintenance problems during the extra-long life of your International. We say "extra-long life" because more than half the Internationals built in 44 years are still turning in a profit on the job.

You can count on your driver's help. It's safe to say that a driver will treat a truck better if he's happy with it. All International trucks have what it takes to keep drivers happy.

These trucks feature the new Comfo-Vision Cab—"roomiest cab on the road." They feature the new one-piece, curved

Sweepsight windshield for full front visibility. They feature more positive control and greater maneuverability from a more comfortable position.

But get all the facts. Find out about the new valve-in-head International Truck engines that give you more power for speeding important shipments. Find out about the shorter overall length and better weight distribution you get in every International. Call your International Truck Dealer or Branch now.

International Harvester Builds
McCormick Farm Equipment and Farmall
Tractors . . . Motor Trucks
Industrial Power . . . Refrigerators and Freezers
International Harvester Company • Chicago



See the new

INTERNATIONAL TRUCKS

Every model heavy-duty engineered for the long haul

Automatic PACKAGE WRAPPING



HAYSEN-WRAPPED

The HaySEN wraps most anything automatically... at low unit-cost, with high production, electric eye registration of printed wraps... and consummates more than 40 years of experience. Investigate HaySEN advantages today,— without obligation.

HAYSEN MFG. COMPANY,
SHEBOYGAN, WISCONSIN

HaySEN
WRAPPING MACHINES



"If we could get as fast a 'break' on materials there'd be enough Aeroquip 'Breakaways' to go around."

Aeroquip

FLEXIBLE HOSE LINES
DETACHABLE, REUSABLE FITTINGS
SELF-SEALING COUPLINGS
"BREAKAWAY" • HYDRAULIC HOSE

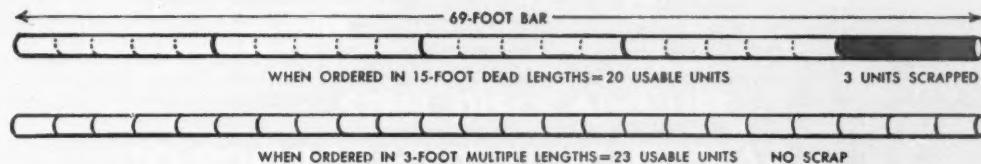
AEROQUIP CORPORATION, JACKSON, MICH.

EXECUTIVE SALARIES

	Salary	Bonus	Pension	1950 Total	1949 Total
OFFICE EQUIPMENT					
International Business Machines Corp.					
Thomas J. Watson, Chrm.	—	—	—	\$373,637	\$335,178
John G. Phillips, Pres.	—	—	—	148,831	110,314
OFFICE MACHINES					
Remington Rand Inc.*					
James H. Rand, Pres.	\$127,800	—	\$10,778	\$138,578	\$114,378
*For year ending Mar. 31, 1950.					
National Cash Register Co.					
Stanley Allyn, Pres.	\$137,500	\$ 75,000	\$ 7,644	\$220,144	\$157,032
Edward Deeds, Chrm.	100,000	—	—	100,000	100,000
OIL COMPANIES					
Gulf Oil Corp.					
J. F. Drake, Chrm.	\$168,000	\$175,000	\$48,084	\$391,084	\$390,983
S. A. Swensrud, Pres.	125,000	150,000	6,362	281,362	245,911
Standard Oil Co. (N. J.)					
Eugene Holman, Pres.	\$170,000	\$ 16,013	\$23,905	\$209,918	\$189,564
F. W. Abrams, Chrm.	145,000	13,638	26,801	185,439	164,856
The Texas Co.					
W. S. S. Rodgers, Chrm.	\$150,000	—	\$21,177	\$171,177	\$171,178
Harry T. Klein, Pres.	140,000	—	25,510	165,510	165,515
Standard Oil Co. (Indiana)					
Robert E. Wilson, Chrm.	\$132,500	—	\$17,470	\$149,970	\$143,169
Alonzo W. Peake, Pres.	122,500	—	17,868	140,368	133,505
Socony-Vacuum Oil Co.					
B. B. Jennings, Pres.	\$110,900	—	\$35,533	\$146,433	\$118,497
G. V. Holton, Chrm.	100,000	—	12,397	112,397	111,678
PAPER PRODUCTS					
Crown Zellerbach Corp.					
Louis Bloch, Chrm.	\$ 92,250	—	—	\$92,250	\$ 92,100
H. L. Zellerbach, Exec. Vp.	50,900	—	—	50,900	50,750
International Paper Co.					
John Hinman, Pres.	\$150,000	—	—	\$150,000	\$150,000
H. R. Weaver, Exec. Vp.	125,000	—	—	125,000	125,000
RADIO & TELEVISION					
Radio Corp. of America					
David Sarnoff, Chrm.	\$200,000	—	\$12,118	\$212,110	\$211,901
Frank Pulos, Pres.	154,583	—	9,334	163,917	148,301
Philco Corp.					
Wm. Balderston, Pres.	\$ 75,000	\$118,750	—	\$193,750	—
James Carmine, Exec. Vp.	60,000	95,000	—	155,000	—
RETAIL TRADE					
J. C. Penney Co.					
J. C. Penney, Chrm.*	—	—	—	—	—
A. W. Hughes, Pres.	\$103,200	—	\$ 4,988	\$108,188	\$ 90,734
STEEL					
Bethlehem Steel Corp.					
Eugene Grace, Chrm.	\$150,000	\$314,321	—	\$464,321	\$333,996
Arthur Homer, Pres.	120,000	261,932	—	381,932	273,328
U. S. Steel Corp.					
Irving S. Olds, Chrm.	\$166,766	—	\$ 6,711	\$173,477	\$170,727
Enders M. Voorhees, Dir.	167,166	—	\$ 6,711	173,877	169,727
Benjamin Fairless, Pres.	213,966	—	8,931	222,897	219,747
Nathan Miller, Dir.	111,400	—	—	111,400	110,600
TEXTILES					
J. P. Stevens & Co. Inc.					
Wilbert J. Carter, Exec. Vp.	\$ 80,000	—	\$ 6,651	\$ 86,651	\$ 66,865
Harry C. Carter, Vp.	80,000	—	5,545	85,545	65,723
Raymond G. Emery, Exec. Vp.	80,000	—	14,326	94,326	75,112
Burlington Mills Corp.					
J. C. Cowan, Jr., Pres.	\$ 60,000	\$175,000	—	\$235,000	\$212,857
J. Spencer Love, Chrm.	75,000	175,000	—	250,000	200,000
R. L. Huffines, Jr., Vp.	72,000	175,000	—	247,000	247,000
TOILET PREPARATIONS					
Procter & Gamble Co.*					
Richard Deupree, Chrm.	\$225,000	—	—	\$225,000	\$214,622
Neil H. McElroy, Pres.	215,000	37,462	—	252,462	178,523
YARN MILLS					
American Viscose Corp.					
Frank H. Reichel, Pres.	\$125,000	—	\$10,846	\$135,846	\$135,102
Frank H. Griffin, Vp.	75,000	25,000	450	100,450	106,612
Celanese Corp.					
Harold Blanck, Pres.	\$ 97,250	\$131,927	—	\$229,177	\$174,553
W. McC. Cameron, Vp.	59,749	85,752	—	145,501	146,732

What you can do to make the supply of Stainless Steel
go further

Minimize scrap losses at the mill
by ordering the exact sizes
that you will use



When you order sheets, plates or bars of Stainless Steel, don't confine your specifications to mere "dead lengths." Such procedure often leads to a waste of material.

Instead, place your orders in terms of *multiple lengths*. In other words, tell your supplier the actual dimension in which you will eventually use the steel. By doing this, you'll often get extra units from good steel that otherwise would be consigned to scrap.

For example, suppose you've been ordering 15-foot bars and are using the steel in 3-foot units. If the mill should roll a 69-foot bar, we could cut only four lengths of 20 3-foot units from it. But when ordered in multiple

lengths, we could cut 23 units from the same bar, and scrap losses would be minimized.

The same thing holds true when you are ordering sheets, strip, or plates. The more we know how you will use the steel — the *actual sizes you are planning to work to* — the more chance we have of taking care of your requirements.

Cooperation from all concerned will stretch supplies of Stainless as far as possible. You can help by (1) specifying multiple lengths, (2) telling your supplier exactly where you'll use Stainless and how you'll fabricate it, and (3) indicating, if possible, acceptable alternates in composition, gage and finish.



AMERICAN STEEL & WIRE COMPANY, CLEVELAND • COLUMBIA STEEL COMPANY, SAN FRANCISCO
NATIONAL TUBE COMPANY, PITTSBURGH • TENNESSEE COAL, IRON & RAILROAD COMPANY, BIRMINGHAM • UNITED STATES STEEL COMPANY, PITTSBURGH
UNITED STATES STEEL SUPPLY COMPANY, WAREHOUSE DISTRIBUTORS, COAST-TO-COAST • UNITED STATES STEEL EXPORT COMPANY, NEW YORK



U·S·S STAINLESS STEEL

SHEETS • STRIP • PLATES • BARS • BILLETS • PIPE • TUBES • WIRE • SPECIAL SECTIONS

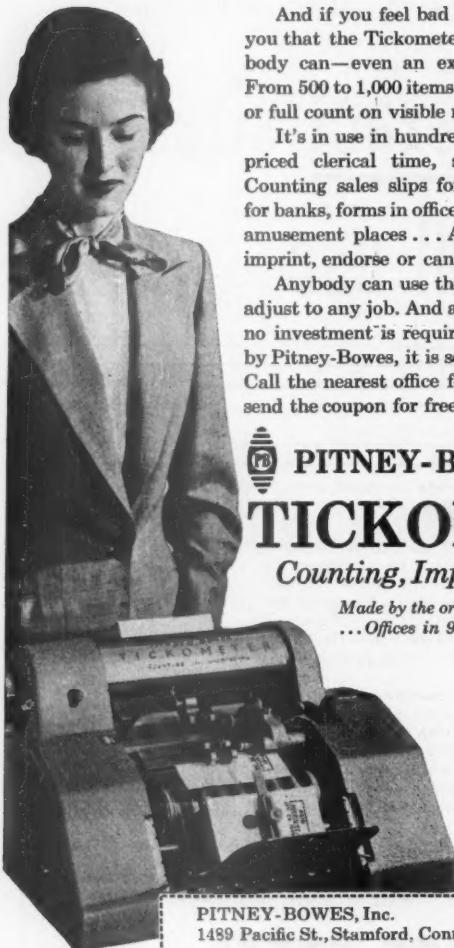
UNITED STATES STEEL

I-1100

It counts

*tickets, tabs, coupons, forms,
checks, currency*

more quickly
more accurately
than you can!



And if you feel bad about it . . . let us assure you that the Tickometer counts faster than anybody can—even an experienced hand counter! From 500 to 1,000 items per minute, showing part or full count on visible registers.

It's in use in hundreds of places... saving high priced clerical time, speeding up accounting. Counting sales slips for stores, checks, currency for banks, forms in offices, tickets in ball parks and amusement places . . . And (optional) it will also imprint, endorse or cancel the items counted.

Anybody can use the Tickometer. It's easy to adjust to any job. And as it is rented, never sold—no investment is required either. Precision-built by Pitney-Bowes, it is serviced from 93 PB offices. Call the nearest office for a demonstration . . . or send the coupon for free booklet!

PITNEY-BOWES
TICKOMETER
Counting, Imprinting Machine

*Made by the originators of the postage meter
...Offices in 93 cities in U.S. and Canada*

PITNEY-BOWES, Inc.
1489 Pacific St., Stamford, Conn.

Please send illustrated Tickometer booklet to:

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Firm _____

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MANAGEMENT BRIEFS

Draft status of college graduates is being ignored in hiring by most big corporations, Northwestern Mutual Life Insurance Co. says. It checked leading colleges, found even graduates with 1-A draft ratings are being hired, with jobs assured by companies on their return from service. Said Dartmouth: "Only a few concerns request draft-exempt candidates."

Want a CPS? For the first time, management men soon will be able to hire secretaries with a guarantee that they know their job. Come August, detailed tests will be held for applicants (deadline: July 1) who want to earn the new rating of Certified Professional Secretary. Sponsor is the National Secretaries Assn., which originated the idea.

Why men quit jobs. Supervisors are mostly to blame, says the University of Illinois. In a survey of Illinois employers, it found the next biggest reasons were company problems and dislike for the company. Its conclusion: Three-fourths of those who quit do so for reasons management could avoid or control.

Organized training programs still have a long way to go in U.S. business if a 100-industry sampling by the Industrial Research Institute is any criterion. It found only 20% of the companies checked had formal systems for training technical personnel. The rest claimed some sort of on-the-job program.

A drive to cut complaints has been started by Macy's. Between now and June, it will hold conferences with selling and operating personnel—all aimed at improving the flow of merchandise to customers.

Twelve big names in the men's clothing field declared in full-page trade-paper ads that they will continue to make wool clothing instead of using "inferior, cheaper fabrics made of other fibers." Among the firms: Stein Bloch, Timely, Society Brand, Hickey-Freeman, B. Kuppenheimer.

Professors in business. Du Pont has picked Dean David L. Arm of University of Delaware's School of Engineering as the first of a group of professors to spend a full year working with the company in all its engineering departments. Others will be chosen in the next couple of months. The company pays the professors' regular salaries plus expenses.

appy Landing Insurance ...



SHARON*

STEEL DISCS ADD LIFE TO POPULAR HYDRAULIC AIRCRAFT BRAKE

It takes a lot of stopping to halt 70 tons moving at a speed of 100 miles per hour. Consequently, aircraft brakes must be tough. Among the toughest is the hydraulic disc brake.

Basically, the disc brake is composed of two sets of discs, one of which is locked to the brake chassis and is non-rotating. The second set rotates with the wheel. The rotating discs are alternated with the non-rotating

discs. When pressure is applied, the discs are compressed together. The friction results in braking action.

The steel used in the brake discs must withstand tremendous abrasive action even when they get hot.

One brake manufacturer finds his best steel to be Sharon carbon strip steel. It resists friction wear at high heats and doubles the life of the brake.

*Specialists in STAINLESS ALLOY, COLD ROLLED AND COATED Strip.

SHARON STEEL CORPORATION
Sharon, Pennsylvania

DISTRICT SALES OFFICES: Chicago, Ill., Cincinnati, O., Dayton, O., Detroit, Mich., Indianapolis, Ind., Milwaukee, Wis., New York, N. Y., Philadelphia, Penna., Rochester, N. Y., Los Angeles, Calif., San Francisco, Calif., Montreal, Que., Toronto, Ont.

SHARONSTEEL

"DOUBLING-UP" ON PRE

DANLY PRESSES

at JARECKI MACHINE and TOOL COMPANY

Grand Rapids, Michigan

With press time at a premium and schedules pushing capacity to the limit, the advantages of Danly Press construction and engineering features are more important than ever. At Jarecki, the full-rated die capacity and extra slide rigidity of Danly Presses made possible production of the parts shown above in pairs—two at a stroke!

Danly Presses are built with machine tool precision, built to withstand the punishment of round-the-clock operation. Write today for the unusually complete Danly Straight Side Press Catalog. See how Danly Presses will help you meet production schedules.



Straight Side Autofeed Gap Frame Double Action Underdrive



DOUBLE DIE TOOLING used throughout the Danly line is shown in this close-up view. Extra long, precision gibs contain the entire slide at all times during the working stroke, providing the extra rigidity to make this "double production" set-up possible.



STRAIGHT LINE ARRANGEMENT of the Danly Press line makes material handling fast and easy . . . and makes uninterrupted press operation a *must*. Danly features like complete pressure lubrication and "proved safe" controls assure minimum press down time.

DANLY

Mechanical Presses 50 to 3,000 Tons

900 PAIRS PER HOUR—The extra capacity and rigidity of Danly Presses permit flexibility of die arrangement. Every press in the Danly line is toolled with two sets of dies to stamp these automotive front door hinge pillars two at a time.

DUCTION!

A DANLY LINE AT JARICKI—First drawing operation is performed on the lead 300-ton Danly Double Action

Press, setting the pace for the line. Since installation, this press has not required any unscheduled down time for emergency maintenance.



SEND FOR YOUR COPY TODAY!



DANLY MACHINE SPECIALTIES, INC.
2100 South Laramie Avenue, Chicago 50, Illinois

IMPERIAL GLASS MAINTAINS *Quality* WITH ALCOA ALUMINA

The master craftsmen at Imperial Glass Corporation know that the composition of their glass mixes must not vary if batches are to be easily reproduced. That's why careful selection of ingredients is of utmost importance.

ALCOA Hydrated Alumina is used in the manufacture of Imperial glass because it *eliminates the variables* so often encountered with feldspar. It also helps control iron content, which is of great concern to quality glassmakers. Moreover, ALCOA Alumina makes Imperial glass stronger . . . more brilliant . . . more resistant to thermal shock and chemical attack.

Imperial uses ALCOA Alumina for the same reason that other successful manufacturers throughout industry use ALCOA Chemicals. They help make products the *best* of their kind. Spark plugs . . . refractories . . . rubber . . . tooth paste . . . lumber—are but a few of the products which are measurably improved by ALCOA Aluminas and Fluorides.

Perhaps these versatile chemicals can help better *your* product. We'll gladly furnish you with complete information.

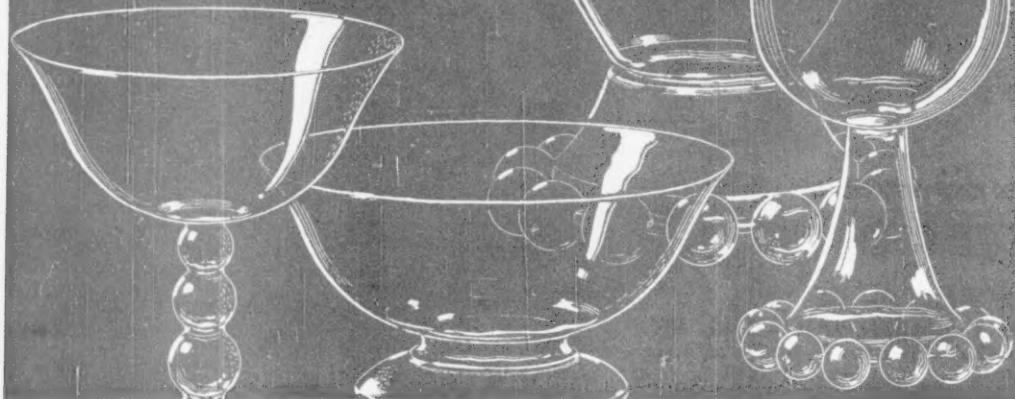
Write to: ALUMINUM COMPANY OF AMERICA,
CHEMICALS DIVISION, 600c Gulf Building, Pittsburgh 19, Pennsylvania.

Alcoa Chemicals

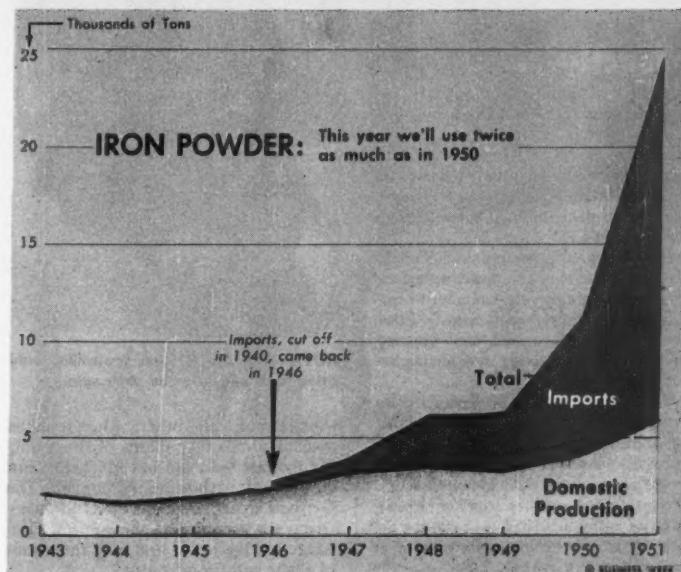


ALCOA ALUMINAS and FLUORIDES

ACTIVATED ALUMINA • CRYSTALLIZED ALUMINA • INORGANIC ALUMINAS • TABULAR ALUMINAS • LIQUID ALUMINA
ALUMINUM FLUORIDE • SODIUM FLUORIDE • SODIUM ACID FLUORIDE • FLUORINE ACID • CRYOLITE • GALLIUM



PRODUCTION



Army Eyes Another Material

Iron powder looks good for rotating bands on projectiles. If Ordnance officials decide to use it before domestic supply builds up, civilian users will have to cut back sharply.

Fabricators of iron powder parts are sitting on the anxious seat. Maybe they will have to cut back production, and maybe they won't. It all depends on whether or not the military decides to draft iron powder for defense production. And the military itself doesn't know yet if it will.

• **Race for New Plant** — It's a short-range problem. There are plans for huge expansion of domestic capacity for producing the powder. Coupled with imports, the output from these new plants would be adequate to supply both military and civilian needs. But the new plants won't be producing for at least a year.

In the meantime, should the military decide to go into iron powder in a big way, it might consume up to 100,000 tons a year—almost 10 times the amount that was available in the U.S. last year. There wouldn't be a grain left over for civilian users.

• **Easy and Cheap** — Powdered iron is just what it says it is: tiny particles of iron, which can be sintered, or compressed, under heat, into shapes. Iron powder parts are strong, easy to make,

and come to high tolerances without much machining.

The billets that the Army has in mind for iron powder are as rotating bands on projectiles, as small arms ammunition, and as turbine blades for jet engines. The last two are already being made from powdered metal—though in limited quantities. But work on rotating bands—the "piston rings" that prevent exploding gases from escaping around the sides of the projectile and also engage the rifling to make the shell spin—is still in the experimental stage.

• **Copper Problems** — Army Ordnance has always used copper or gilding metal (90% copper and 10% zinc) for rotating bands. Gilding metal is all right for shell speeds up to 4,000 ft. per second; but it gives trouble at the high speeds—10,000 to 12,000 ft. per second. These speeds cause shocks and stresses dangerously close to copper's strength limit. Band failure upsets the shell's ballistics. High speed also melts the copper so it smears off onto the gun bore. This is called "coppering." It reduces diameter of the gun bore, shortens gun life.

Iron powder bands eliminate these

in NEBRASKA

... when you hire a man you get his loyalty, his interest and his inbred determination to give you his best. Your interest becomes his. Very likely he'll call you by your first name — and you'll like it, because you will have realized you've got one of the best workmen in the world.

This quality of labor—male and female—is one of the chief reasons for the consistently higher man-hour production figures recorded here.

Plus factors are:—

- **low power rates**
- **low fuel costs**
- **low taxes**
- **unlimited pure water**
- **good government**

There are very few vacant buildings here—because there have been very few failures . . .

. . . but if you can wait 120 days you can step into one built especially for you!!

Write this division of state government for specific information. Dept. H.

**NEBRASKA RESOURCES DIVISION
STATE CAPITOL LINCOLN**

Clark Equipment Company says:
**"...business has been
 traceable directly...
 to our catalog in Sweet's Files."**

Sweet's helped design this 8-page catalog and distributed 28,000 copies in the mechanical and process industries.



...the growing amount of business over the past year has been traceable directly to the distribution of our catalog in Sweet's Files.

"We have learned, from continuing studies of results from our various marketing activities, that an amazingly large number of important men in industry go to Sweet's Files for product information, also men who are on the way up to posts involving new buying responsibilities and influence.

"In many cases, our catalog in Sweet's Files introduces the Clark-Leadership line of fork-lift trucks and industrial towing tractors to these men. As a result, when our sales representatives call on them, they enjoy an attentive audience.

"Furthermore, many satisfied users of our materials-handling equipment feel that we are doing them a service by keeping our catalog at their finger tips through Sweet's.

"We are indebted to Sweet's also for help in designing our catalog, for which we have received many compliments."

Russell F. Oakes
*Manager of Advertising
 and Sales Promotion*

**Sweet's can help you with any part
 of your catalog job**

Check your catalog needs against these services. You may order any of them separately.

CATALOG DESIGN

Plan — consultation and analysis of products and markets; determination of catalog's scope and content.

Rough dummies — comprehensive format with subject matter, captions, copy and cuts indicated.

Finished dummies — complete typewritten copy and mechanical layout, ready for the printer.

CATALOG PRODUCTION

Any or all of the following: drawings, photographs, engravings, type composition, electrotypes, printing and binding.

CATALOG DISTRIBUTION

Individual distribution — by purchase of one or more of the lists compiled by Sweet's, or by using Sweet's mailing facilities.

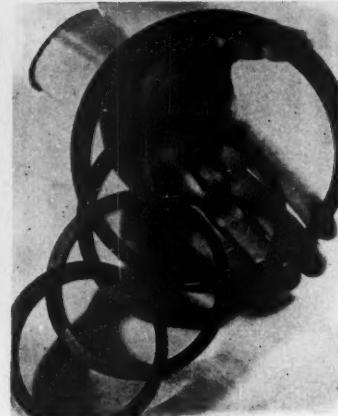
Pre-filed distribution — by filing catalogs permanently in bound, indexed collections (files) of manufacturers' catalogs. This method has the added advantage of keeping catalogs instantly accessible at all times in prospective buyers' offices.

This booklet tells all about
 Sweet's Catalog Service. Shall
 we send you a copy?



GETS THE RIGHT INFORMATION . . . TO THE RIGHT PEOPLE . . . AT THE RIGHT TIME

Sweet's catalog service



ROTATING BANDS on projectiles hold gases back and give the shell spin.

troubles but bring others. The Germans used hundreds of millions of them during the last war, not out of choice, but because of a shortage of copper. The German experience started U.S. Army Ordnance poking into the subject. Ordnance has lab-tested and fired thousands of shells with iron bands.

• **Advantages** — What Ordnance likes about iron bands is that they're easy to make. The powder is compressed into the ring form, sintered or heat-treated so that the particles weld together, and impregnated with wax to prevent internal corrosion. Iron bands also get away from coppering. The material can be squeezed down by the internal gun rifling and the iron will take the shrinkage within itself because of its porosity. And the material can be made strong enough, too. Some Ordnance men feel sintered iron bands will increase gun life by 20%.

• **Drawbacks** — Of course, there are some known disadvantages and a lot of unanswered questions about sintered iron bands. That's why Ordnance is being so cagey about committing itself to use them. For instance: The porous band isn't easy to seat on a shell; it cracks more easily than gilding metal. And how should bands be fabricated to get desired strength properties? Can the iron's brittleness be overcome? Will iron bands change ballistic behavior of shells?

• **Small Arms Ammo** — Another military program that may take a big bite out of iron powder supplies is bullets and smaller caliber shells. Tank gun practice shells have been made of iron powder and recently passed Ordnance firing tests. Ordnance also is taking a look at iron powder in slugs for .45 and .30 caliber bullets, cores for .50 caliber armor-piercing shells, and small fuses.

• **Jet Blades** — There's a sleeper in the military picture that most of the industry has overlooked in its concern over

Pardon My
Ignorance
by Pinet



*I thought A SLOTTED BATT was a tropical freak
... until I got the facts from Norton*

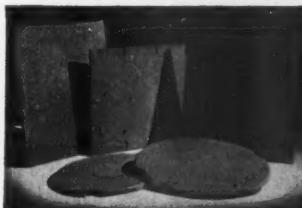
Now I Know:

A slotted batt is a thin slab of Norton Crystolon* refractory with slots in its sides.

You see, some batts, which hold pottery as it is heated in a kiln, warp when subjected to severe heat stresses. For such cases, Norton developed slotted batts which withstand three times as many heating cycles as non-slotted batts.

This is just one of many Norton refractory developments designed to increase productivity at high temperatures in the metal-working, ceramic and chemical fields. That's why firms with special problems in high temperatures look to Norton, pioneers for 40 years in the engineering of special refractories.

Bulletin 151 tells more of the Norton refractory story. For your free copy, contact your nearby Norton representative or write to Norton Company, New Bond Street, Worcester 6, Mass.



THESE ARE BATTs made of Norton Crystolon refractory. Notice the slotted batt in the center. Other Norton Crystolon shapes include slag hole blocks, burner blocks, hearth plates and bricks for kilns, industrial furnaces, and water gas generators. They're strong, dense and highly refractory.



GUESS WHAT these shapes are used for. Most of them are for secret chemical processes. They're made of Norton Stabilized Fused Zirconia*, a new, amazing refractory which has lifted processing temperatures as high as 4700°. It has extraordinary chemical, electrical and insulating properties.

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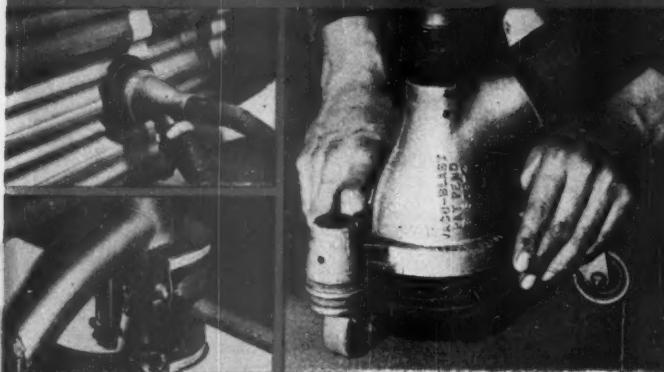
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and vehicles...edge-cleans sheets prior to welding. Vacu-Blaster actually reclaims and re-uses abrasive, lets no flying dust, dirt or abrasive escape to contaminate product or damage machinery.

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"... 70% of the iron powder used in the U.S. comes from Sweden..."

IRON POWDER starts on p. 83

Ordnance programs. It's jet blades for compressors of airplane turbine engines (BW — Jan. 6 '51, p42). Thompson Products, Inc., in Cleveland now is turning out sintered iron blades in large quantities.

• **Transformer Cores**—The Signal Corps, too, might make a dent in the iron powder supply, particularly in the higher quality magnetic powders used for electrical equipment. The stuff has been used extensively by industry for electronic equipment cores because of its good electrical and magnetic properties. Signal Corps finds these powders make possible miniaturization of transformers for radio communication equipment. A standard transformer occupying 4 1/4 cu. in. can be shrunk to 2 1/2 cu. in. by using a powdered iron core.

• **Military Consumption**—There is no firm fix on quantities needed; but according to industry insiders, they will probably stack up like this:

• **Rotating bands**. The Germans used iron powder at the rate of 36,000 tons annually in the last year of the war and planned to double it, had the war continued. Nobody knows where we may end up. But it's a cinch that, if Ordnance goes to iron bands, the 72,000-ton figure isn't out of line come a hot war.

• **Small arms ammunition**. We could shoot up more than 17,000 tons of iron powder in 20-mm. practice shells alone in case of full-scale war.

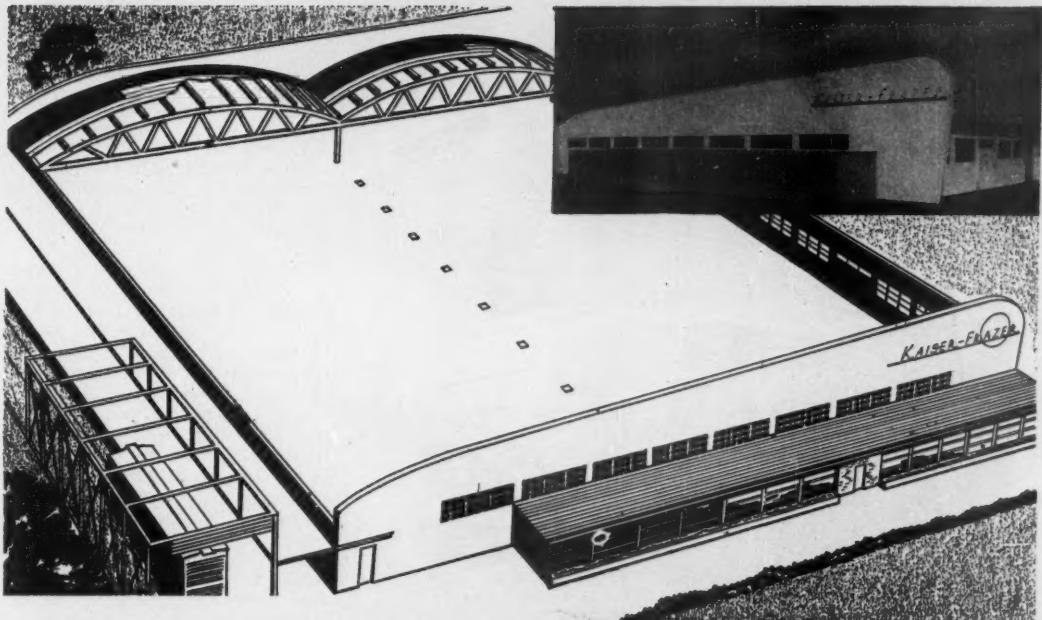
• **Jet blades**. Even at present production rates, sintered iron blades will consume several thousand tons of iron powder per year. It would mushroom to many times that in all-out war.

• **Dependent on Imports**—The powder supply picture isn't reassuring for the short term. About 70% of the powder now comes from Sweden, the rest from domestic sources. A complete cutoff in case of war would leave fabricators in a lurch, as it did in the last war. From April, 1940, to early in 1946, no Swedish powder was imported. Available capacity in this country, about 5,000 tons per year, can't even take care of current demand for civilian products.

• **Domestic Expansion**—There is relief in sight. Domestic-powder production facilities are being expanded; but new plants won't start producing for at least a year.

The biggest expansion program is being staged by Hoeganaes, the Swedish company that has been supplying powdered iron imports. According to Ekstrand & Tholand, Inc., U.S. distributors





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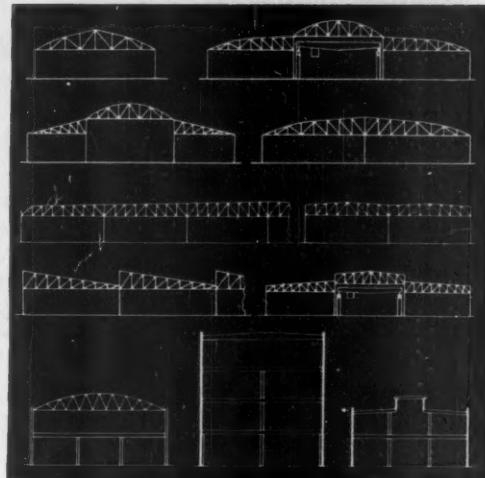
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"... Domestic capacity should hit 78,000 tons of iron powder in '52..."

IRON POWDER starts on p. 83

of Swedish iron, Hoeganaes is setting up a new company here called Hoeganaes Sponge Iron Co. The plant will be built just north of Camden, N. J. It will be able to produce 30,000 tons of iron powder annually.

Expansions also have been announced by Greenback Industries, Inc., and the Plastics Metals Division of National Radiator Co. Both have been granted certificates of necessity permitting fast tax writeoffs for their programs. Each of these companies should have an expanded capacity of about 18,000 tons annually. Other producers are said to be expanding, too; they will have a total capacity of about 12,000 tons. Should all these programs reach fruition, domestic capacity in 1952 should hit 78,000 tons of iron powder—more than 15 times what it is today.

• **New Processes Needed**—If iron powder supply is to be built up for total war needs, new ways of making the stuff will have to be used commercially. There may not be enough raw materials to produce powders by conventional methods.

Much of the powder produced in this country comes from mill scale. Special grades of oxides or scale that come from steel mills are reduced with hydrogen or cracked natural gas.

Because Swedish ore is so pure, it is reduced directly without beneficiation. Hoeganaes intends to use Swedish ores in its New Jersey plant and also is considering Brazilian and Venezuelan ores. An American company is toying with the idea of upgrading New Jersey ore and then reducing it to powder.

Iron powder also is made electrolytically. It's deposited out of a solution, much like electroplating, as a powder or as a brittle material that's then crushed. Electrolytic powder is more expensive than either the Swedish or mill scale types.

• **Atomizing Method**—Powder makers are busy developing other methods, too. The techniques aren't brand-new, but they're being made practical. Atomizing molten iron is one. A spray of liquid metal hitting water turns into tiny metallic particles. The oxide skin on the particles then is reduced by gas to the pure metal.

• **Liquor Waste Source**—Another waste product source is stirring up more than a casual interest among powder makers. The many millions of gallons of pickle liquor wastes now being dumped by steel mills have lots of iron in them that might be converted to powder.



The heart of the business lived through the blaze!

INSURED? Of course: All well-run businesses are. But these men were fighting *time*—the most critical factor in business today. Replacing even those records which could be replaced, would have meant months of delay.

Only 7 percent of fire-gutted businesses are as lucky as this one. Play safe with yours. Shaw-Walker "time-engineered" Fire-Files are the sure "one premium" fire assurance for every valuable record.

And they give you point-of-use protection every hour of the day. All this important information within arm's reach, yet out of harm's way.

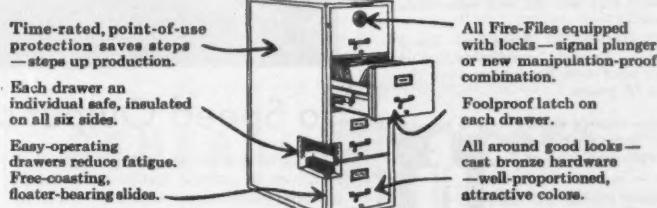
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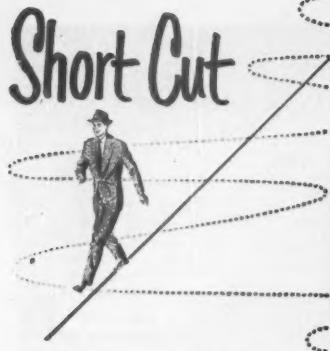
The booklet, "Time and Office Work," is packed with ideas for stretching office time. Organize now for *greater sales effort and lower operating cost!* A wealth of information on "time-engineered" office systems and equipment. 36 pages! Many color illustrations! Just off the press! Write today, on business letterhead to: Shaw-Walker, Muskegon 5, Michigan.



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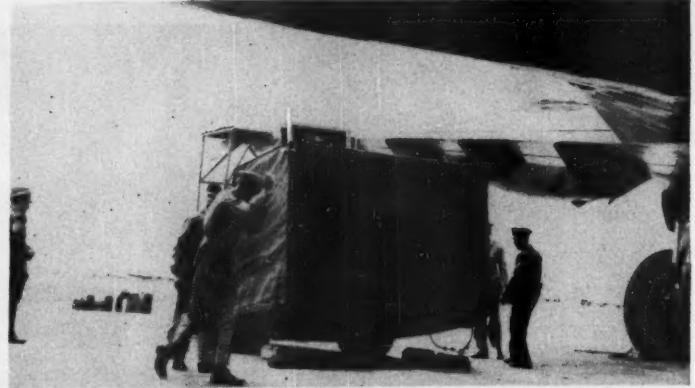
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Air Force Buys a Flying Print Shop ...



To Speed Output of Maps and Photos

The modern army marches almost as much on its printed matter as it does on its stomach.

To speed up the duplicating operation, the Air Force has ordered some flying print shops from Harris-Seybold Co. in Cleveland. Though the packaged units weigh only 4 tons, they include a press and all the auxiliary elements that any well-stocked print shop would have.

But the strong point is their mobility. One of the units can be flown to an advanced base, unloaded, and in less than two hours' time the unit will be rolling

out about 6,500 printed sheets an hour.

The Air Force intends to use the presses mainly for printing multicolored aerial maps and reconnaissance photos. But they will handle text material just as well.

Ground forces, too, will be able to make good use of these compact printing units. The Army Quartermaster Corps has ordered a lot of the presses to speed up paper work. And psychological warfare units should find them valuable for getting a large number of clear copies out fast.

New Oil Extractor

Anderson's unit gets more oil from cottonseed, peanuts, soybeans. It puts oil milling on a year-round basis.

A new oil-extracting machine for cottonseed, peanuts, soybeans, and the like has licked two of the extractors' oldest problems:

- It puts oil extraction from cottonseed on a high-tonnage basis.
- It is flexible enough to work with a variety of products.

The manufacturer, V. D. Anderson Co., Cleveland, calls its machine Exolex. It has installed the first of its units at General Vegetable Oil Co.'s plant at Sherman, Tex. This installation will handle mainly cottonseed, but it can be adapted to other local crops, too. At full capacity, General's machine can turn out 400 tons of oil a day.

• **Big Production**—The extractor gets at the oil two ways: by a continuous-screw press, and by a solvent process. What the press doesn't take out, the solvent does.

The cottonseed industry will keep its eyes on the General operation. For the first time, an oil mill is processing seed that has been prepared in six outlying mills that are located as far as 160 miles away.

The problem of transporting cottonseed has been one of the drawbacks to big capacity oil production. Because of its bulk, cottonseed in its natural state is pretty expensive to ship over long distances. So processors have kept their extraction plants small, and close to the field, dehulling the seed at the plant site. Now they have found they can ship the dehulled seed at a reasonable cost without too much deterioration during transit.

• **Year-Round**—After a cottonseed harvest, most millers go into fertilizers and feeds to tide them over till the next season. Now they can switch to soybeans and peanuts once the cotton season is shot. The miller can store up supplies of one crop while he's milling the other, keep the machine running at capacity the year around.

• **Pays Its Way**—What makes the machine economical to operate is the combination of the press and solvent extraction. It leaves a residual oil of only 1/2% in a seed compared with the 5% or 6% of conventional press equipment. That means a recovery of 30 lb. to 50 lb. more oil from a ton of seed. Price, we, it means \$8 more per ton, at 20¢ per lb. Anderson figures that on even conservative estimates the cost of a 400-ton machine can be written off in a year from its savings alone.

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Install new General Electric Water Coolers for dependable, economical, sanitary drinking water. Choose from four pressure type sizes, including a water-cooled unit for installations where there is abnormal

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TODAY American Industry is under pressure to meet fantastic demands. Only yesterday, intense competition was the problem. Manufacturers have found the answer to both situations in more productive machine tools. The New Britain-Gridley Division, The New Britain Machine Company, New Britain, Conn., U.S.A.

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PRODUCTION BRIEFS

A television transmitter of General Electric, under development for two years, is designed for small towns where broadcasting ranges have a radius of 10 miles or less. Estimated price: \$75,000, compared with current costs of \$300,000 for small stations.

The demand for lithium (BW—Sep. 23 '50, p67) led to Foote Mineral Co.'s plan to double the capacity of its primary ore-refining stages at Exton, Pa. The ores come from Foote's new property at Kings Mountain, N.C. (BW—Mar. 24 '51, p82).

Coast-to-coast dial calls from Englewood, N.J., to three major cities on the West Coast will get a tryout by Bell Telephone Laboratories this fall. A subscriber dials a three-digit code number for the city first, then the number of his party. His call, and a record of the charges, go through automatically. Englewood can also make one-way calls to eight other inland cities.

A bead catalyst for petroleum refining is getting a boost at Socony-Vacuum Oil Co.'s Paulsboro (N.J.) plant. A new tempering kiln treats 75 tons of the catalyst per day.

Atomic energy: The west face (or loading side) of Brookhaven's nuclear reactor, designed to produce neutrons for research, has been declassified for use by approved scientists . . . National Lead Co. is the choice for contract-operator of Atomic Energy Commission's Cincinnati materials production center.

A shortage of scientists has hit southern industry, says H. McKinley Conway, Jr., director of the Southern Assn. of Science & Industry; the experts there are putting three-fourths of their efforts into federal research programs. To relieve the shortage, the association recommends that industry be given a "greater responsibility" for essential military research.

Evaluating methods for inspecting roller bearings will be the job of a new training center at Timken Roller Bearing Co.'s Canton (Ohio) plant. Different combinations of color, lighting, and seating will help Timken find best working conditions, train new employees at the same time.

Electric organs to military electronics: That's the shift in Rudolph Wurlitzer Co.'s production. The firm has built up \$10-million worth of defense contracts.

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Aircomatic Welding cuts production time 80% ... eliminates distortion

CONSOLIDATED WELDING AND ENGINEERING COMPANY, Chicago, Illinois, faced a serious problem in the welding of aluminum air separators. The methods considered couldn't handle the variety of thicknesses involved economically. Furthermore, they were slow and cumbersome, and raised many distortion problems.



J. E. Szymczak, Airco Technical Sales Representative, was called in. He suggested using the Aircomatic Process with Airco 1/16" 43s wire for the filler.

Major production and cost problems were solved immediately. For example, to weld two complete separator assemblies, including all the baffles, required only 180 man hours—about one-fifth the time of other methods considered . . . a tremendous time and money saving advantage.

Further, Aircomatic, with its high

specific rate of energy input, and great welding speed, confined the heating effects to the narrow weld-zone . . . thus, completely eliminating the problem of distortion. Consolidated officials were delighted with these results, and placed the Aircomatic in operation at once.

Perhaps this unique welding technique can help you solve an important fabrication problem — so write your nearby Airco Office for Technical Sales assistance or for a copy of Aircomatic Welding Bulletin ADC-661.



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NEW PRODUCTS



Knitting: Fast and Fancy

To keep her boyfriend in tow, a girl may have to dream up something fancier than knitting him the traditional pair of argyles. That's because a knitting machine from Hemphill Co., called Banner SCOP-55, now turns out the intricate socks in mass quantities—for a reasonable price. It's supposed to be the first machine ever to knit a solid-color pattern argyle with an overplaid automatically.

With a hand-frame machine (on which imported argyles are made), a worker produces about a dozen pairs of argyles a day. In the same eight hours, a Banner machine makes about three dozen pairs. Since a worker can tend about ten of the automatic machines, his output is 30 doz. pairs a day. At this rate, the company says nylon argyle socks should sell for about \$1.95 a pair.

The machine provides for a great variety of patterns and colors, Hemphill says. The firm hopes to schedule its SCOP-55 for early 1952 delivery.

• Source: Hemphill Co., P. O. Box 580, Pawtucket, R. I.

• Price: \$3,750.

A Hoist and Scaffold

A light-duty hoist developed by Thomas F. Clay gives a worker a lift when he really needs one. By lifting materials overhead, it helps in all kinds of ceiling jobs — construction, insulation, and pipe installation. You can use the portable unit as a scaffold, paint an entire ceiling without getting down, the manufacturer says.

To move the stage up or down, you work chain falls that are mounted on pulleys. The pulley wheels, equipped with lock rings, interlock with the chain, permit raising or lowering from either



Lesson from Lansing...for American business

The dateline was February 9, 1951:

MICHIGAN CRIPPLED BY \$4,000,000 FIRE IN STATE OFFICE BUILDING AT LANSING, VITAL RECORDS DESTROYED, DEPARTMENTS TEMPORARILY PARALYZED.

While the blaze was still raging, many a businessman was asking himself a solemn question.

Could American business—*his* business—risk similar paralysis through the loss by fire of the vital original and basic records which any business needs to *stay in business*?

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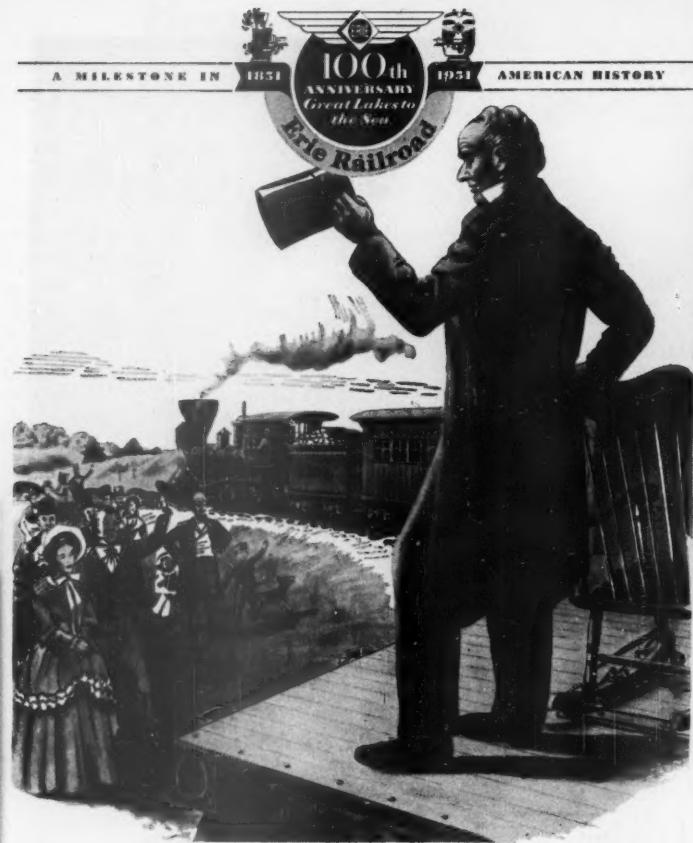
I'd like the latest, authentic information on how to protect vital business records against not only the hazard of ordinary fire but of enemy air attack or sabotage.

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Big Day for Daniel Webster

• The date is May 15th, 1851. A pint-sized woodburner pulls the inaugural train of the original New York and Erie Railroad into Dunkirk, N. Y.—and the cheering citizens welcome the first railroad to link the Great Lakes with the Sea!

Among the distinguished passengers were President of the United States Millard Fillmore and his cabinet, including that colorful and sturdy American, Daniel Webster, Secretary of State. He made part of the two-day journey from Piermont, on the Hudson River, N. Y., in a rocking chair fastened to a flat car "to better enjoy the scenery!"

It was a great day in America's history, too. For the 446 miles of track linking Lake Erie to the Sea—the longest railroad in the U. S.—was a turning point in the growth of the young country. How many that day could see how this event foreshadowed the great and bustling America of 100 years later?

The Erie has grown steadily with

America, headed always in the direction of progress. Today, the Erie serves the many communities along its 2200 miles of railroad between New York and Chicago with the best in safe, dependable transportation . . . ready to serve our country well in peace or war!

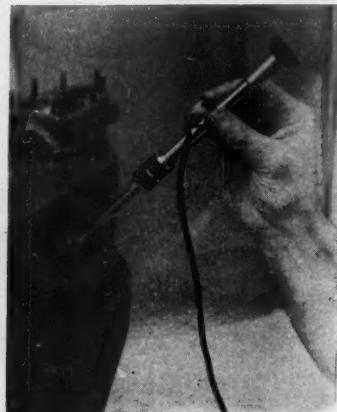
Erie Railroad



Serving the Heart of Industrial America

end of the stage. You can lift loads such as sheetrock or lumber as high as 12 ft. A board thrown across the lifting beam converts the unit into a scaffold.

- Source: Max Arnold Lehmann, 822 Perdido, New Orleans, La.
- Price: \$500 for wooden model; \$675 for steel model.



Inner Eye for Castings

As a periscope gives a submarine an outer eye, a similar instrument, called Borescope, provides workers with an inner eye. With a Borescope, you can scan the inside surfaces of such hollow castings as engine cylinders. You no longer have to disassemble units or destroy sample parts in order to check for finish, wear, cracks, and corrosion.

The Borescope is a slender tube about $\frac{1}{2}$ in. in diameter and 18 in. long. It has an eyepiece at one end, a mirror at the other, and contains magnifying lenses. For illumination, there's a built-in electric light near the mirror that is wired through the tube.

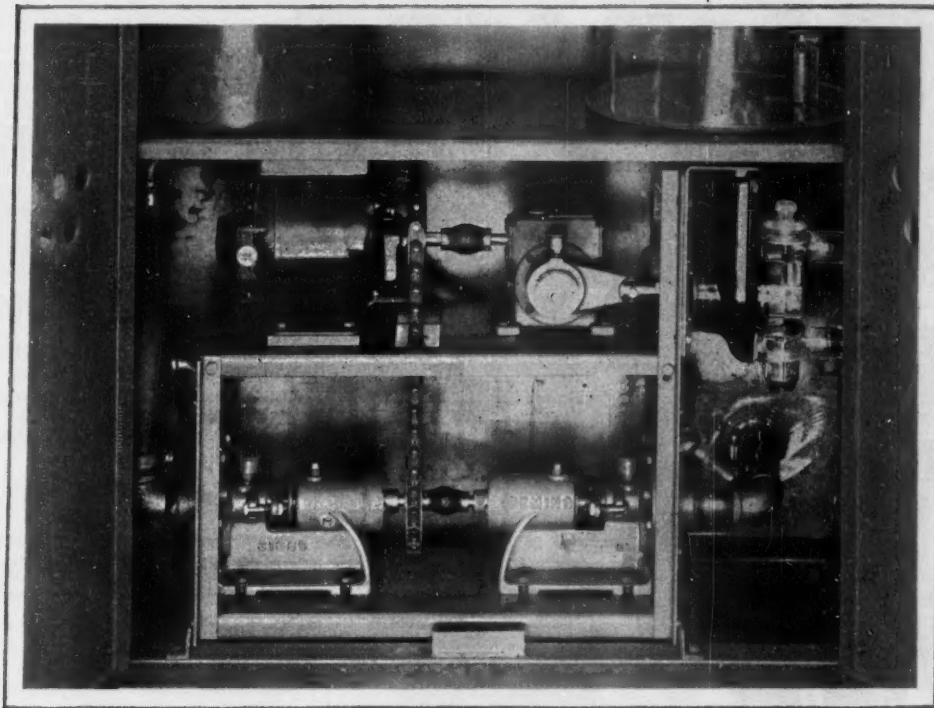
You insert the instrument through any small hole in the part and focus the eyepiece. The internal walls appear magnified; in a 30-deg. field of vision. In its normal position, the mirror produces a view at right angles to the tube, but you can adjust the mirror angle to either side.

The manufacturer, Testa Mfg. Co., builds the instruments on custom basis, and prices vary according to individual specification.

- Source: Testa Mfg. Co., 418 S. Pecan Street, Los Angeles 33, Calif.

Adapter for LP Gas

Liquefied petroleum gas—which is propane and butane—is moving in on gasoline and diesel fuel for farm tractors, trucks, and buses. To ease the changeover, Hughes Carburetor Co. has developed a carburetion adapter that



How an Eberhardt-Denver Speed Reducer Made an Industrial Patent Possible

The Western Filter Company has a big sales advantage over its competition in the water conditioning industry because of a patent which an Eberhardt-Denver Speed Reducer made possible. The work which this equipment does was formerly done by hand.

The automatic chemical feeding device in the Western recirculator, which conditions water for beverage bottling plants, feeds chemicals into the conditioning tank at a rate predetermined by the operator of the plant. Formerly, it was necessary to measure the chemicals and feed them into the tank by hand. In the picture you will notice that a belt from the electric motor operates a

pump at one speed and that the speed reducer to the right of the motor operates another pump at another speed.

This makes possible the feeding of chemicals into the tank at two different rates with the same power. Thus, the problem of mechanically feeding chemicals was overcome by an Eberhardt-Denver Speed Reducer.

There are many places within industry where hand work can be done better by power, with a speed reducer. Let our engineers, sales representative and your local jobber show you how you can produce different rates of speed from the same power equipment with Eberhardt-Denver Speed Reducers.

This Eberhardt-Denver speed reducer weighs 16 lbs. Others weigh up to 500 lbs. 80 stock sizes made for you. Stocked by distributors throughout the nation.



WRITE, WIRE OR PHONE TODAY

EBERHARDT-DENVER CO.
1402 West Colfax Avenue
Denver 4, Colo.

Please send full information on how we can use the Eberhardt-Denver Production Delivery Plan.

Please give us some indication of how a speed reducer might be incorporated in the products or machinery described in attached letter.

Name _____

Address _____

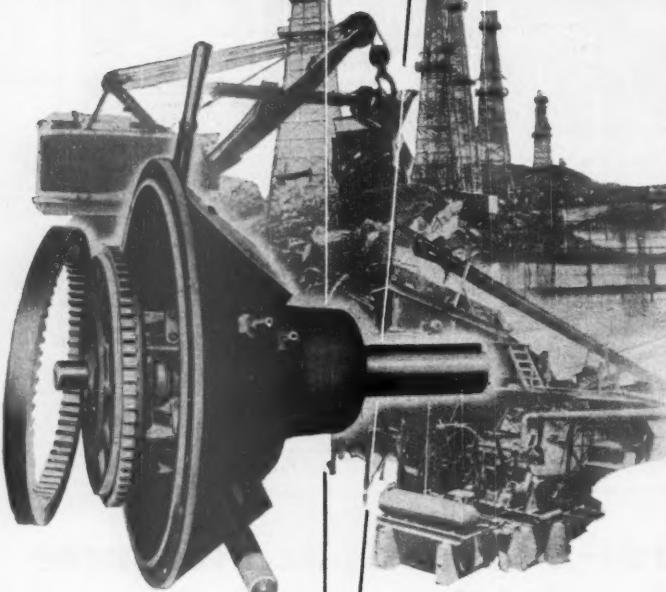
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Eberhardt-Denver

1402 West Colfax Avenue

Denver 4, Colorado

Harness for Heavy-duty Horsepower



Twin Disc Friction Power Take-Off, able to handle the entire horsepower range up to and including 350 hp per 100 rpm of the prime mover, is conservatively rated for longest wear-life. Known everywhere for its single-point adjustment.

When you hear the full-throated throb of heavy-duty engines, chances are you'll find their power applied and put to work through a positive-action Twin Disc Power Take-Off (Friction or Hydraulic) or Torque Converter.

For Twin Disc, the world's largest exclusive manufacturer of industrial applications of Twin Disc Engineers.

Clutches, offers the most complete line of standard units, both friction and hydraulic, for the widest range of prime movers.

They engage so smoothly, pick up the load so smoothly, that operators in many industries swear by them as exactly the **RIGHT harness for heavy-duty horsepower**.

You'll find the Twin Disc name, too, on clutches to apply fractional horsepower . . . in fact, on **any** power-application problem, it will pay you to obtain the recommendations of Twin Disc Engineers.



TWIN DISC CLUTCH COMPANY, Racine, Wisconsin • HYDRAULIC DIVISION, Kankakee, Illinois

BANCHES: CLEVELAND • DALLAS • DETROIT • LOS ANGELES • NEWARK • NEW ORLEANS • SEATTLE • TULSA

converts any gasoline engine so you can use the cheaper LP-gas on your present fuel system. The unit fits any gasoline-powered truck or tractor. A. O. Smith Corp. has the manufacturing and sales rights to the conversion kit.

The unit consists of a vaporizer and pressure regulator, and a fuel-control valve that measures the flow of LP-gas into the carburetor throat of the engine. A mechanic reportedly can install it in about four hours. The main operation is removing the carburetor and drilling it so that LP-gas can feed into the carburetor airstream.

Once the unit is installed you can switch fuels either manually or by using an optional fingertip-control setup. For a manual job, the control is near the fittings on your engine. You have to get out and lift the hood to make the change. With the electrical control system, you just flip a remote-control switch under the dashboard.

- Source: A. O. Smith Corp., Milwaukee, Wis.
- Price: \$175-\$190 for trucks; \$150-\$175 for tractors.

NEW PRODUCTS BRIEFS

A portable pump that can produce high vacuums is made by Kinney Mfg. Co., 3529 Washington St., Boston. The 70-lb. unit, called Model CVM 3153, gives absolute readings of 0.0001 mm. of mercury. It has a free air displacement of 2 cu. ft. per min.

When windows stick, use Window Wonder, says its maker Rene-Craft Products, 120 Owen's Building, Wilmette, Ill. The 9-in. tool has saw teeth that quickly remove old paint and warped obstructions. It retails for 98¢.

A translucent paint for glass is said to reduce heat and glare. Applied by brush or spray-gun, it reportedly forms a permanent bond on the glass, makes a weatherproof, frosted coating. Rex Home Supply Co., 142 S. Highland Ave., Ossining, N. Y., is the maker.

Dictation is tape-recorded on an office machine called Permoflux Scribe. The tape reel, which records a half-hour dictation, can be replaced in a matter of seconds. The manufacturer, Permoflux Corp., 4900 W. Grand Ave., Chicago, says you can use the tape repeatedly.

Precalculated tables compiled by Henry D. Gold, 121 Varick St., New York City, give you paper costs per thousand sheets according to prevailing prices. Published as a 16-page book, the tables reduce to a minimum the trouble of estimating paper costs. Price is \$3.



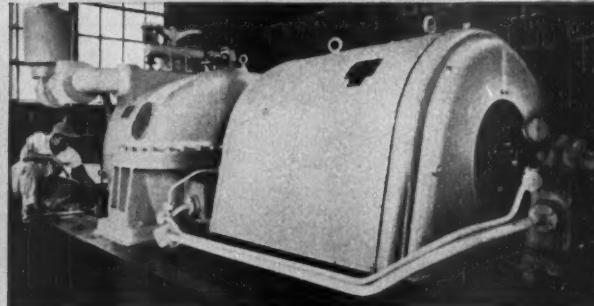
NANTUCKET ISLAND can't tie in with mainland power facilities and must therefore be entirely self-sufficient. To assure unfailing performance, the Nantucket Gas & Electric Company

uses Sun lubricants exclusively. Also, engineers of the utility, of the diesel builders, and of Sun Oil cooperated to make possible a unique, three-way use of one inexpensive Sun fuel.

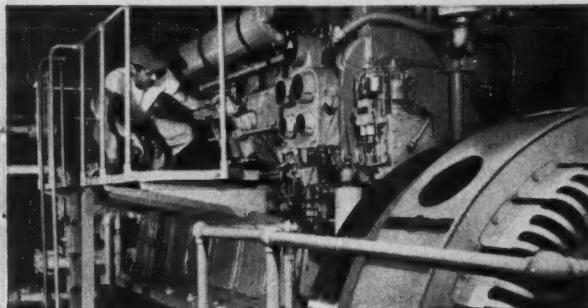
HOW SUN PROTECTS NANTUCKET'S POWER



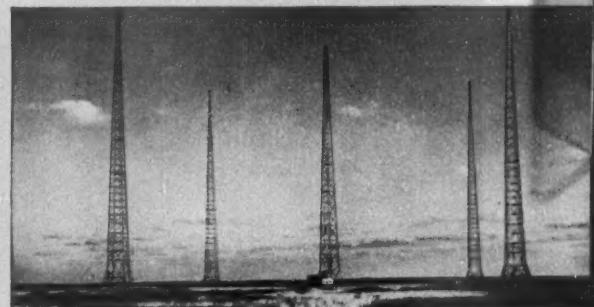
THE ISLAND'S POPULATION drops from around 16,000 to some 3,800 when the vacation season ends. With the power load fallen off so drastically, much of NG&E's equipment lies idle and subject to condensation during this extended time.



DESPITE IDLENESS for considerable periods, turbine journals, bearings and controls remain free at all times of sludge, rusting and corrosion—thanks to the protection of Sunvis 916. Its special metal-wetting additives displace any moisture that may be present.



A SUN DIESEL LUBRICANT has kept this 1,000-hp engine purring almost 15,000 hours. A single heavy, low-cost Sun fuel drives NG&E's diesel, fires its boilers, enriches its illuminating gas.



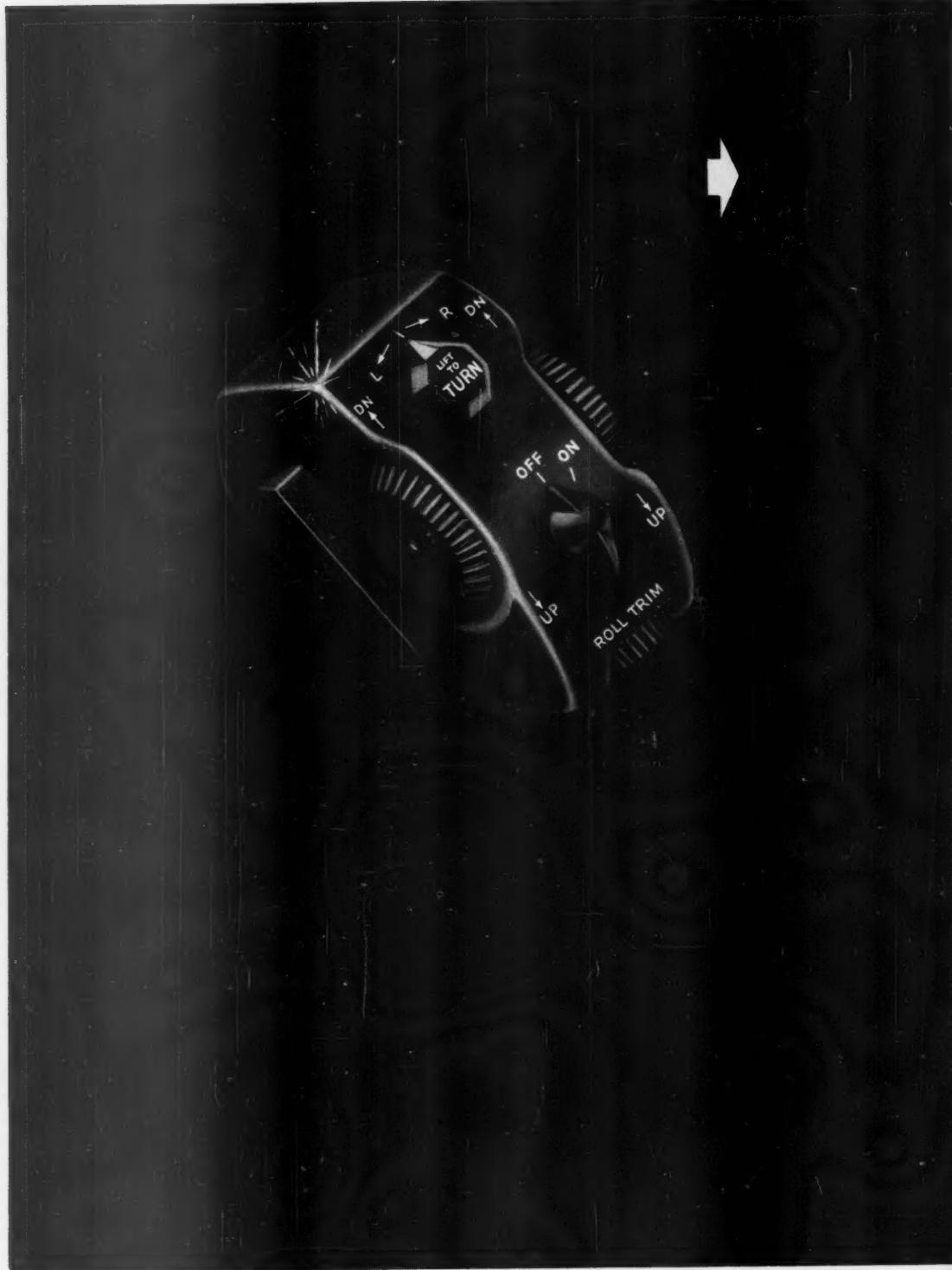
POWER for a new navigational transmitter, throwing a 1,700-mile beam for guiding aircraft, is supplied by Nantucket G&E—more evidence of the reliance placed on its Sun-lubricated plant.

For complete information about Sun's turbine and diesel oils, or for the services of a Sun representative, call the nearest Sun Office, or write to Dept. BW5

SUN INDUSTRIAL PRODUCTS

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PLASTICS

MARKETING



PLENTY TO SELL, few to buy—that's the story most everywhere today as . . .

Retailers Pay for the Spree

The buying wave has subsided at last. Merchants who had stocked up heavily when sales were roaring are now holding large inventories.

All during the buying binge, the retailer kept giving himself admonitory pinches. He was afraid it was too good to last. But he wasn't afraid enough to quit stocking up himself.

Now the retailer is hooked on inventory. He ordered heavily on the basis of greatly increased sales. And the sales dried up.

"We shook the apples off the tree too early," says a St. Louis appliance dealer ruefully. "After all, there are only so many people that are going to buy a refrigerator in a given time."

• **The Figures**—The over-all retail sales figures show what's happened. In January they came to \$13.2-billion on a seasonally adjusted basis—better than 20% above the previous January. By March they came to \$12.3-billion, only about 11% above the previous March. And for April the figure was an estimated \$11.9-billion.

That's still better than last April's \$11.1-billion—and it's still good business. But it's not the kind of business that a lot of retailers had confidently expected after their experience early in the year.

Nor does it quite make up for the increase in prices since last year. If any-

thing, thanks to inflation, physical volume is now running somewhat behind last year.

• **Why the Lull**—The tapering-off in buying of the past weeks doesn't all stem, of course, from the premature buying that people did.

Price control took some of the steam out of the spree. People were lulled into thinking that price rises were at an end. Some merchants even attribute the present dullness in part to the consumer's hope for rollbacks.

There's always Regulation 'W', of course, which is still blamed for slowing down car and appliance sales. Another factor is the decline in home building.

Other merchants will tell you that they detect some tightening of belts. They attribute this variously to (1) temporary unemployment while plants convert to war work, (2) the debt load shouldered by a lot of consumers, and (3) rising prices as yet not matched by higher earnings.

Thus, in Philadelphia, merchants note that downtown department stores have been doing poorer business than suburban stores. They think housewives won't spend the carfare to go downtown. In

St. Louis a variety store manager says: "There has been a terrific amount of looking. And when you start to look in the variety store field, you are really getting down and shopping."

• **Chief Culprit**—But merchants are still inclined to put the major blame for today's sales lull on the big buying spree now over. Their case is strengthened by the way in which normal buying patterns have been distorted.

It was the hard goods boom that seemed to go lame first. Retailers began to notice a sharp drop in hard goods business about mid-March. Federal Reserve statistics compiled in the Boston district show the trend clearly. Sales of apparel and home furnishings departments in Boston department stores were racing along side by side in the January boom. Both began to slip off in February.

But home furnishings slipped much faster until, in March, sales were running substantially below last year. In April apparel departments were doing slightly better than last year; home furnishings were still running behind last year.

• **Abnormal**—This pattern, noted throughout the country, is in sharp variance with the normal pattern. Hard goods sales are usually rather sluggish during January and February, then begin to pick up.

This year the opposite happened: They were roaring early in the year, then began to taper off rapidly when they should be picking up. Apparel, on the other hand, has been picking up after a slow Easter—again a reversal of the normal trend.

Some experts explain it this way: Consumers are just beginning to come up for air after their buying binge. They've paid off some of the debts they incurred on hard goods purchased earlier; for the first time in months they have some change in their pockets again. So now many consumers are in the market to replenish their wardrobes, which they neglected while buying—and paying for—hard goods.

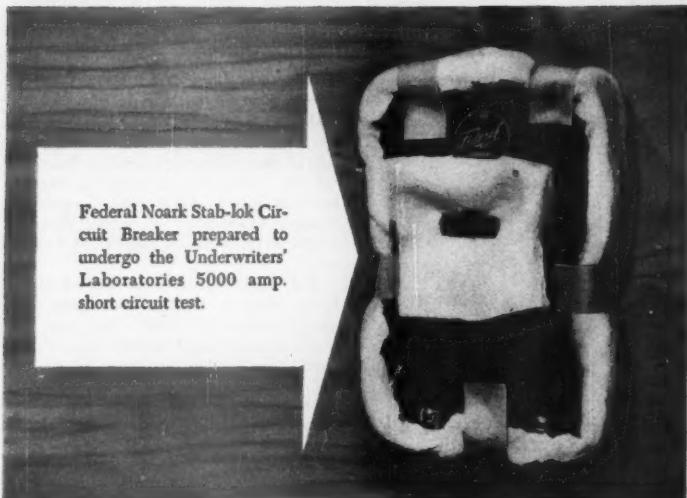
• **Hard vs. Soft**—This pattern is noted at a number of points across the country:

Chicago. In general, hard lines are either just holding their own or are lagging, while soft goods are picking up. A large mail-order and retail chain says that big-ticket appliance business is very poor. Soft goods sales, however, have been better than expected.

Cleveland. Nondurables are gaining sharply on durables. The gain for durables since the Easter slump, according to Federal Reserve figures, is only 5%. There has been a 15% to 20% increase for nondurables.

Houston. It's the same story: Dollar sales of durables are running about 20% lower than the same time last year, while

A FLASH OF FIRE WRAPPED in COTTON!



Federal Noark Stab-lok Circuit Breaker prepared to undergo the Underwriters' Laboratories 5000 amp. short circuit test.

WHEN A SHORT CIRCUIT trips an electric circuit breaker an internal flash arc is inevitable. To make sure this arc is safely snuffed out within the breaker case, Underwriters' Laboratories, Inc. demands that even standard breakers of the lowest ampere rating interrupt 5,000 amperes at 240 volts — providing a safety factor of as much as 30,000 percent. During the test, the circuit breaker enclosure is wrapped with highly flammable absorbent cotton which must not catch fire.

Federal Noark Stab-lok Circuit Breaker

In addition to safety—always the first and all-essential requisite—the U. L. approved Federal Noark Stab-lok Circuit Breaker brings today's most modern and convenient circuit protection system. Outmoding the bothersome fuse box, the Federal Stab-lok Breaker is installed wherever handiest ... and when a short circuit has been corrected, service is restored by a mere flick of a handle. Important, too, the Federal Stab-lok is the lowest priced quality breaker available.

Fastest-growing manufacturer in its field

Federal Noark developments in the last few years have established many radically new standards of efficiency and economy for electrical control equipment. The rapidly increasing call for Federal products has been met by acquiring one new plant after another. From the Atlantic to the Pacific coast there are now five large Federal plants and Federal production volume continually reaches new highs.

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nondurable sales are up around 5%.

St. Louis. Hard goods led the sales parade early in the year. But within the past few weeks merchants have noted a very sharp drop in sales of appliances and other hard goods. At the same time, sales of soft goods, generally, have been picking up.

• **Cabbages and Kings**—The story on television sets is the same almost everywhere: Business is terrible. Price cutting is the main topic among television dealers.

Standout in electrical appliances is automatic washing machines; these seem to be having a spurt of activity in most places.

Auto sales are spotty. For the most part sales seem to be down from last year. In Columbus April auto sales were 24% off from March and about 5% below last April. In Philadelphia you can get almost any new car on an immediate delivery basis. In some cities, where new car sales are doing well, used car sales are poor. In Boston, used car dealers are slipping as much as \$200 to \$300 off their prices.

Food sales are also spotty. On the whole, however, they seem to be running about the same as they did this time last year.

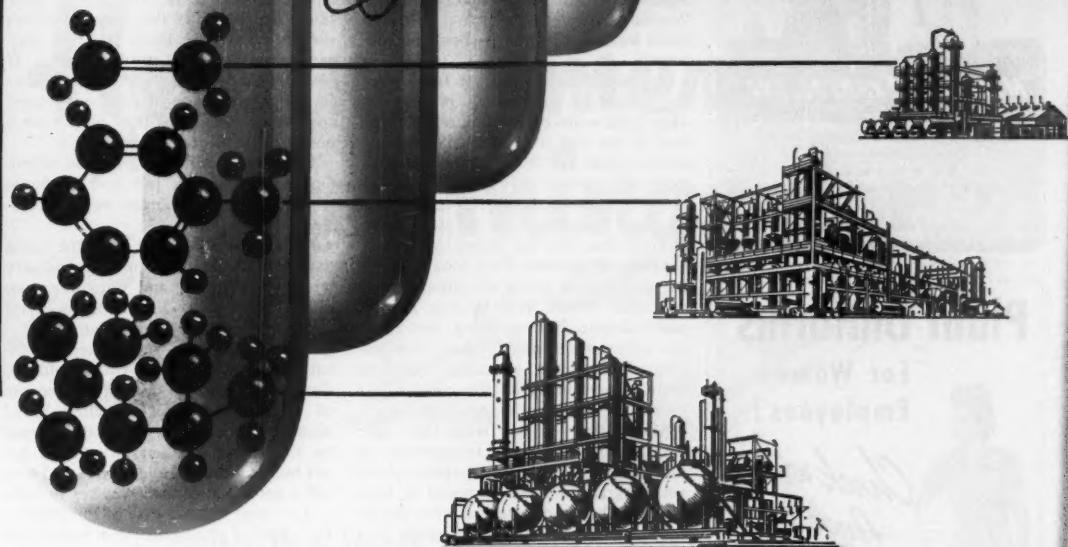
• **Inventory Report** — Naturally, merchants have big inventories on their hands. In Cleveland, for example, store inventories are at the pre-Christmas level.

But very few retailers seem worried. As one New York department store man puts it: "There's dough around; it's our job to see that people spend it." That's what merchants are busily trying to do, with sales and advertising. One Los Angeles observer commented last week that "Retail advertising has just about crowded everything out of the daily papers." In New York last week Gimbel's made headlines—and packed in crowds—by offering men's suits at only \$12.

• **Future** — Conservative department store people are now looking for an over-all increase in business this year of about 8% to 10% above last year. If you take into account price inflation, that rise isn't going to make 1951 a world-beater.

But most merchants would be willing to settle for a saner, steadier pace than we had two months ago. Hughston M. McBain, board chairman of Marshall Field & Co. puts it this way: "It is clear that the public has adopted a 'wait and see' attitude and is unwilling to rush out and buy in advance of normal requirements. This is a healthful sign—we hope the trend continues. If consumers will buy only what they need when they need it, rationing will be avoided, and the hoard and black market operations of World War II need not reappear."

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Voluntary Whiskey Cutback

Distillers get reprieve from government control by promising to cut use of grain. The slowdown is O.K. by them, since they're running out of storage space for stocks on hand.

For the time being at least, whiskey distillers have staved off government controls on grain consumption. They won their reprieve by promising the government they would return to "a normal use of grain." (Quite aside from the threat of controls, most of them were glad enough for an excuse to slow down production.)

Ever since Korea the distillers have been running their plants at twice the normal rate. Last week, worried by threatened grain shortages, the Dept. of Agriculture called the distillers down to Washington to talk things over. The distillers were of two minds about the subject:

• **Opposing Ideas**—Most of them want some kind of cutback in production. They have whiskey running out of their ears. At the end of March, U.S. whiskey stocks stood at 720.7-million gal.—an increase of about 13-million gal. in a month's time and nearly 100-million gal. since last March. But, on the other hand:

They shun like the plague the idea of government control. They look back on the government grain allocation during and after World War II with unmitigated distaste. For one thing, they think the government singled them out unfairly. For another, allocation orders on grain always bring up the tangled and bitter problem of who gets how much.

• **Moderation**—So last week they were only too glad to settle temporarily on the basis of self-restraint—particularly since Agriculture was rumored to have a grain allocation program up its sleeve.

Whether the voluntary program lasts depends on whether the distillers behave themselves. Their grain consumption over the next month or so will determine whether or not they get allocation by edict. The Agriculture experts will take another look at the situation when the next grain crop report comes through on June 11.

• **Grain Savings**—To the department, worried by the prospect of a short corn crop and a deficit of nearly 10-million tons of feed in 1952, the industry's pledge to taper off was good news. It will save corn at the annual rate of about 30-million bu.—more than 750,000 tons. Since last September, distillers have been mashing corn for distillation at the rate of 60-million bu. This is about twice what the industry likes to consider its standard use of grain in spite of a widely fluctuating rate over the years since repeal.

By cutting back voluntarily, the industry released the department from the need to clamp on grain restrictions, which could jeopardize the Administration's plan to ship 2-million tons of wheat to India. The department likewise was spared, at least for the present, the intricate task of working out a cutback order to fit the industry's kaleidoscopic pattern of big and little distillers.

• **Storage Space Slim**—The distilling industry devoutly hopes that the voluntary plan will work. Warehouse floor stocks are so great that some distillers are up against the blunt fact that they are running out of storage space. If government controls should become necessary, however, most of the advisory committee asked that they be put on a postwar, pre-Korean base.

But here the general agreement ended. On the problem of just how to figure allocations the conferees were in violent disagreement.

• **Which Method?**—It was the same thorny problem that split the industry wide open during and after the war: Should you base allocations on plant capacity or on tax-paid withdrawals?

The withdrawal—or so-called historical method—is favored by the old-line distillers. It tends to favor them because of their established, big-selling brand names. The capacity method is urged by the newer distillers, who have not yet built up their brand names and who sell a good deal of their whiskey in bulk.

Last time it was a case of Publicker—the relative newcomer that turned the Big Four into the Big Five—against the old-line distillers. Publicker wanted the capacity method; Seagram, Schenley, National Distillers, and Hiram Walker fought for the historical method. This time, according to the observers, the lineup will probably be the same.

• **Equal Balance**—Long before the rival claims had ceased ringing in its ears, Agriculture was aware that it's only safe out with the distillers would be a complicated formula in which capacity and withdrawals are equally balanced. But the department could remember unhappily that its formulas in earlier conservation drives, no matter how well balanced, never fully satisfied either side.

The industry advisers were unanimous on one point, however: If grain controls are necessary, let the department apply them to all users of grain—including livestock growers as well



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EXCEPT CHROME ELIMINATED. CAN
SHIP NOW IF YOU WIRE REPLY.

*It won't go
in one ear
and out
the other
when you
send a telegram*



as processors. Just what the department will do about this remains to be seen. So far one thing is certain: Next on the list of industrial grain users to be asked to conserve will be the brewers.

Gas War Ignites Squabble Over Signs

The gasoline price war that has bedeviled the Wilmington (Del.) area for two months has slopped over to the state legislature and may end up in the courts.

The Wilmington City Council, presumably at the urging of the Gasoline Dealers of Delaware, an organization of gas station operators, passed an ordinance sharply limiting signs. Under its rules the touchy subject of prices, slashes, etc. can be mentioned only in signs no bigger than 4 in. x 6 in., and affixed to the pumps. The pro argument was that price wars are foisted on the dealers by some big oil companies and may ruin them. It's claimed tiny signs would help make price wars ineffective.

Some dealers don't share this view. One ingenious operator came up with a sign that got a reluctant O.K.

Other dealers are thinking of demanding a court test of the sign rule. Meanwhile, the organized dealers are trying to get a state law passed to duplicate the Wilmington ordinance. This measure has been narrowly defeated once in the lower house, but remains on its calendar. Both the upper house and the governor have yet to act on it.

Boost in Postal Rates Urged by President

A push is on in Congress again to boost postal rates.

The President has asked for increase to offset most of an estimated \$500-million Post Office Dept. operating deficit for the coming year. Congress balked at raising rates last year, but with skyrocketing defense expenditures it may go along this year. House and Senate committees on Post Office and Civil Service are now reviewing legislation implementing these proposals by the President:

Post Cards: raise the rate from 1¢ to 2¢. It costs the government 2.8¢ to handle each card.

Second Class Mail: raise rates 50% immediately, an additional 25% each year for the next two years.

Third Class Mail—mostly circulars and advertising matter: increase the rate from 1¢ a piece to 2¢.

Special Delivery: raise first class matter, 2 lb. or less, to a 23¢ fee; other class matter, 2 lb. or less, to a 35¢ fee.

The legislation would also up fees on registered, insured, and C.O.D. mail.

MARKETING BRIEFS

Credit terms on TV sets will not be eased. That's the Federal Reserve Board's blunt reply to the television industry; it had asked the board to include trade-ins as part of down payment.

Carpet output during the first quarter was much greater than the industry had dared hope, says F. E. Masland, Jr., president of C. H. Masland & Sons. It came to 22-million sq. yd.—about the 1950 rate.

Refrigerators' bumper year: Hotpoint figures that total trade inventories of refrigerators come to 2½-million, that production will come to about 5-million in 1951. That means "a terrific job" of selling is needed, says the company. Existing sales record: 5-million in 1950.

Theater-TV systems are being ordered in droves, says RCA. In addition to orders from United Paramount and others (BW—May 12 '51, p44), RCA has just received new orders for more than 50 systems from 13 movie exhibitors.

May Co. hit sales and earnings peaks in 1950. Net earnings of the department store chain totaled \$21.3-million, as against \$18-million in 1949. Net sales were \$416.6-million, up 6%.

Newspaper revenue from national advertising hit \$499-million last year, up \$54-million from the year before. A new record, says the Bureau of Advertising. . . . Magazines—the nearest competitor—garnered \$475-million, a shade higher than the year previous.

Frozen beef from Ireland is finding a ready market in U.S. One Philadelphia meat wholesaler—Colonial Beef Co.—has been buying it for 13¢ to 14¢ less per pound than U.S. beef. But there's a catch: Prices on Irish beef have been rising, too—11½¢ in three months, reports Colonial.

Parlin Memorial Award went this year to David F. Austin, executive vice-president of U.S. Steel. The Philadelphia chapter of the American Marketing Assn. makes the award annually for "outstanding contributions to the field of marketing."

Frozen waffles—already baked and ready to heat—have caught on within about four years of their introduction. Quick Frozen Foods Magazine reports that more than 700,000 of the waffles are sold weekly. There are 12 major producers.

*By Order of the United States District Court
for the Northern District of Illinois, Eastern Division
before the Honorable Wallace Streeter, Referee in Bankruptcy*

Million Dollar Auction

Monday Through Thursday

JUNE 4, 5, 6, 7, 1951 • 10:30 a.m. (C.D.T.) EACH DAY

50 WATER STREET • BATAVIA, ILLINOIS

35 miles west of Chicago on Roosevelt Road (Route Alternate 30)

IN BANKRUPTCY, CASE NO. 46B194

BATAVIA METAL PRODUCTS, INC. CHALLENGE COMPANY

U. S. ENGINE & PUMP CO. U. S. CHALLENGE COMPANY

Machine Tools and Equipment

Tool Room Equipment • Sheet Metal Equipment

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Replacement value of tools and equipment offered is well in excess of \$1,000,000.00.

Open for Inspection May 21 to June 2, 1951

Good Will of:

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U. S. ENGINE & PUMP CO., Batavia, Illinois

Manufacturers of Locomotive Watering Devices, Switch Stands, Semaphores and other railway products all favorably known in the railroad and other industries since 1854.

CHALLENGE COMPANY, Batavia, Illinois

Manufacturers since 1870 of Wood Tanks for Water Pressure Systems and Vats for all purposes.

OFFERING

the Trustees' right, title and interest in the above three companies, consisting of trade names, trade marks, patents, engineering data, parts lists, customer-lists and all patterns, dies, tools, fixtures, materials, finished and semi-finished parts. Customer-lists are current, the products well-known and nationally distributed.

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REGIONS



**"IT'S BETTER TO
DO IT RIGHT
THAN TO DO IT OVER"**

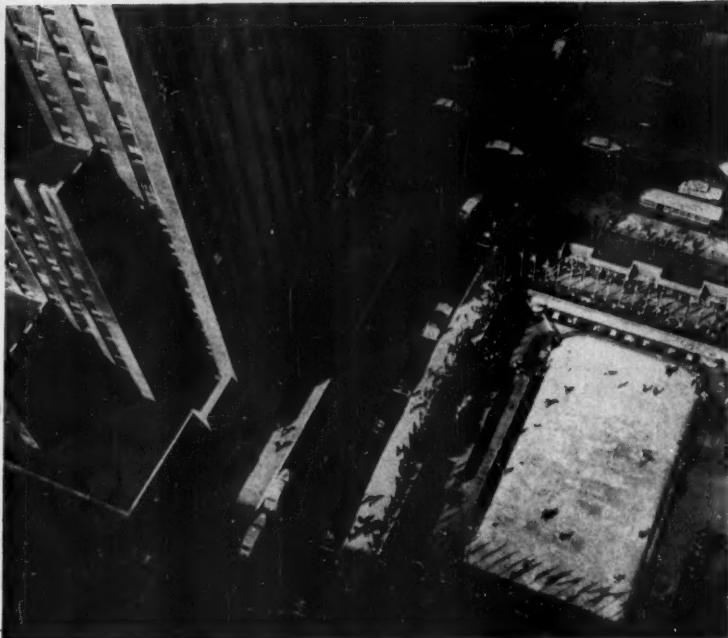
This poor boy doesn't know how to add . . . he's like a lot of people who make the mistake of using the wrong piping materials. They forget that the *real* cost of the installation is first cost *plus* repairs . . . and that the only real yardstick of economy is the *cost per year of service*.

The smart people, those who really know their arithmetic use BYERS Wrought Iron pipe for corrosive applications. In the home . . . commercial and institutional buildings . . . in plants and factories. Remember—it's never good economy to do a job over. By using Byers Wrought Iron pipe to begin with, your piping problems are solved from the start.

Want a brief, interesting story of the what—why—and where of this durable material? Ask for booklet, "The ABC's of Wrought Iron." Write: A. M. Byers Company, Clark Building, Pittsburgh 22, Pa.



BYERS
WROUGHT IRON



1 RADIO CITY'S assessment value of \$104.9-million tops New York's top 10 buildings.

New York Assesses Itself

When New Yorkers get a look at their final real estate assessments rolls around the end of May, they're going to find their city officially tabbed at \$25-billion.

Roughly 25% of this is tax exempt—

property of city, state, and federal governments, as well as welfare institutions of all kinds. The other 75% will have to carry the largest real estate tax bill in New York history. And many a property owner will wonder as he digs up the



6 METROPOLITAN LIFE'S Peter Cooper Village is ninth: \$23-million.



7 EQUITABLE BUILDING on lower Broadway ranks fourth: \$28.5-million.



2 FRESH MEADOWS, New York Life's housing development in Flushing, is valued at \$27.7-million.



3 PARKCHESTER, Metropolitan Life's contribution to Bronx housing, rates second at \$55,011,000.



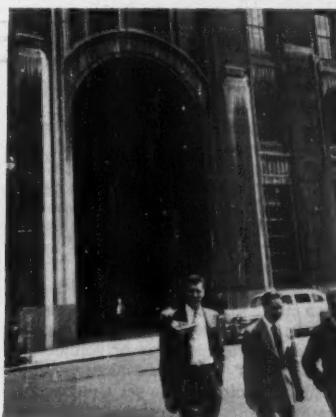
4 MACY'S, the store nobody owes, ranks eight, with an assessment value of \$23.5-million.



5 WALDORF-ASTORIA swank in a swank neighborhood adds up to sixth valuewise: \$26-million.



8 NEW YORK DOCK CO. in Brooklyn is No. 7: \$24,017,000.

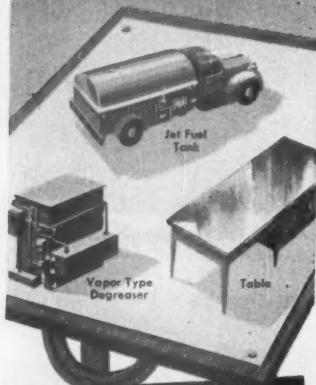


9 METROPOLITAN LIFE'S annex tails the list at \$22,150,000.



10 EMPIRE STATE isn't so high. It's only third at \$34.5-million.

**It's A Cinch
To Improve Products
At Low Cost**



**By Designing Them Around
PERMACLAD
Stainless Clad Steel**

Truly Corrosion Resistant! Easily Formed!

Are you interested in improving your product, and giving it corrosion resistance where corrosion resistance is needed? Then it will pay you to learn about PERMACLAD Stainless Clad Steel. PERMACLAD combines the surface characteristics of stainless with the forming qualities of mild carbon steel. Percentage of stainless is usually 10% or 20%, but it can be varied to meet design requirements.



You can conserve materials in critically short supply by using PERMACLAD. Best of all you can vastly improve your products at low cost. Executives, Designers, Engineers and Architects everywhere are specifying PERMACLAD. Get more information about this modern material now. Write for booklet DD.

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by Specifying PERMACLAD*

PERMACLAD
STAINLESS CLAD STEEL

ALAN WOOD STEEL COMPANY

COVINGTON, PA.

125 Years of Iron and
Steel Making Experience



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Plate • A. W. SUPER-DIAMOND Floor Plate,
Plates • Sheets • Strip • (Alloy and Special Grades)

**"...What would the property sell for
on the open market?..."**

NEW YORK REALTY starts on p. 110

money, "Just how do they go about figuring how much my property is worth anyway?"

The man who feels his assessment has no relation to reality almost automatically forms a picture in his mind—a picture of a city assessor standing on the sidewalk with hands on hips and hat tilted back on head, looking at the skyscraper towering in front of him and musing, "Well now, let me see . . ."

• **More Than That**—But the fact is that New York, like most cities, has an elaborate system for fixing property values. The assessor, one of 150 in New York City, comes equipped with more than a lively imagination. He brings a thorough knowledge of real estate in general and his area in particular, a 20-year history of all transactions concerning the property he's dealing with, and a well-tested appraisal technique.

Suppose Smith, the assessor, is sent to appraise the Mammoth Building. What he really has to calculate is: What would the property be expected to sell for on the open market? On this basis, he first values the land as if it were standing empty; then the entire property, land and improvements, as a whole. Under established assessment procedure, he can tackle the problem in one of three ways.

• **Comparative Approach**—He starts off with the comparative approach. That's the most direct. It assumes that if there are a number of cases of substantially similar property that have sold at around a certain price, then Mammoth or the land it's built on are also worth around that price. Of course, he makes adjustments—sometimes mathematically precise, sometimes no more than an informed guess—to allow for differences in time, location, and physical features of the property.

• **Cost Approach**—But suppose Smith can't find a similar situation. Then he shifts to the cost approach. That is, he figures from the standpoint of how much it would cost to buy (in the case of land) or build (in the case of buildings) a property with a similar function.

He estimates cost by comparing Mammoth either with another complete structure or, more likely, by adding up expected unit cost per area or volume on the basis of experience with similar buildings. Smith tries to get a picture of the way costs in general are moving and to use stabilized construction costs within that trend—without taking into account temporary changes that are due

to a particular supply or demand situation.

Cost, less depreciation—either physical, functional, or because of economic conditions—gives him the assessment value of the building. Since two buildings with the same construction cost—but in different locations—will yield very different incomes, he uses this method only if he thinks Mammoth is of the right type and in the right condition for its location. He would not use it, for example, with a heavily depreciated building.

• **Income Approach**—In such cases, Smith uses the income approach. He assumes that if Mammoth yields a certain income it can be sold for a price that represents that income capitalized at the going rate. The difficulty lies in the fact that, according to New York laws, land and buildings must be valued separately. Smith does this by using the so-called residual technique. To work this trick, he has to know or assume the value of either the land or the building. Then he gets the value of the missing element by subtraction. Briefly, this is how it works:

Assume Smith can determine the building value satisfactorily either by comparison or by estimating cost. He wants to know the value of the land. He sets a dollar amount that represents a fair rate of return on the value of the building and adds to it an amount for depreciation. He then deducts this sum from the net income of the entire property. The remainder is that part of net income which is attributable to the land—the part over and above what that same building would be expected to earn in any other location. This amount, capitalized, becomes the value of the land.

Here is Smith's worksheet: He knows the net income to the entire property is \$10,000 per year. The building would cost \$75,000 at current prices. A fair rate of return on the value of the building, at 6%, would come to \$4,500, and 2% depreciation per year would come to \$1,500—a total of \$6,000. Subtract this from the \$10,000 total net income, and you get \$4,000 of income attributable to land. Smith figured that 5% is an average rate of return on capital invested in land, and so he capitalizes the \$4,000 at 5%. He winds up with a land value of \$80,000.

• **Disadvantage**—This, basically, is the system. But there's one disadvantage: Land containing a low-income-producing building would be worth much less

SPRA-TAINER Does It Again!



The Tetco Company's COLD ReLIEF is a handy, safe, effective nose-and-throat medication and powerful vaporizer, all in one. COLD ReLIEF is pressure-dispensed . . . penetrates nasal passages thoroughly, medicates areas usually untouched by nose drops, inhalants, and ordinary atomizer preparations. Ideal for Hospitals — Sick Rooms — Nurseries! Perfectly safe for babies.

The pressurized container chosen for COLD ReLIEF is the original lightweight, low-cost propulsion can, Crown SPRA-TAINER with exclusive "No Side Seam — No Top Seam" construction and eye-appealing modern design.



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Moth-O-Blitz and Insect-O-Blitz
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CONGESTED!

Crowded industrial areas such as this are all too common now. And with this situation go the enemies of profitable operation . . . unpleasant working conditions, traffic congestion and undesirable housing areas. After weighing all these factors, many leading industrial men have moved their plants to liveable Santa Clara County!

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In Santa Clara County, California, it is possible to locate your plant just out of the congested area, yet close to the major markets and sources of supply. Located at the southern end of San Francisco Bay, it offers the advantages of a year 'round mild climate in a community where both labor and management live better and produce more!

WRITE TODAY, on your business letterhead, for a free copy of 'New Industry Speaks'
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THE POPULATION CENTER
OF THE PACIFIC COAST



LOOK... what MY boss gave me!

This new Desk-Type ROTOR-FILE of mine holds over 40,000 big 8 x 5 record cards that used to fill a dozen file drawers. Now, every card is right at my fingertips . . . instantly available. Now, I can give my boss all the information he wants the moment he wants it.

NO WALKING, NO STOOPING, NO DRAGGING

I used to have to walk back and forth to the files all day, stoop down to read the drawer labels, and drag out drawer after drawer. Now, I stay right in my chair and pick any card we need instantly from the unique horizontal rotating file that's built into my Wassell Desk-Type ROTOR-FILE. Split seconds do the work of minutes.

The Wassell Methods Engineer tells me you can file just about anything in a ROTOR-FILE and get the same advantages I'm getting. There are large models for anything from cycle-billing records to current correspondence — models of various sizes for tabulating cards and addressing plates. He says a single ROTOR-FILE the size of mine will take care of over 64,000 3 x 5 cards! I'd suggest you send this coupon to Wassell today.

WASSELL ORGANIZATION INC. WESTPORT 1, CONNECTICUT

I would like to receive literature on your ROTOR-FILE . . . entirely without obligation.

NAME.....

POSITION.....

(Please attach to, or write on, your business letterhead)

"...The assessor knows his territory like a cop knows his beat..."

NEW YORK REALTY starts on p. 110

under this system than land right next to it that contains a high-income producer. And New York does not believe in letting inadequate improvement pull down assessed values of the land. The way to get around this, and actually the way most often used in assessing land values by this method, is to imagine a hypothetical building that is considered suitable for the land. The costs and the income from this hypothetical building then replace the actual costs and income in the calculations.

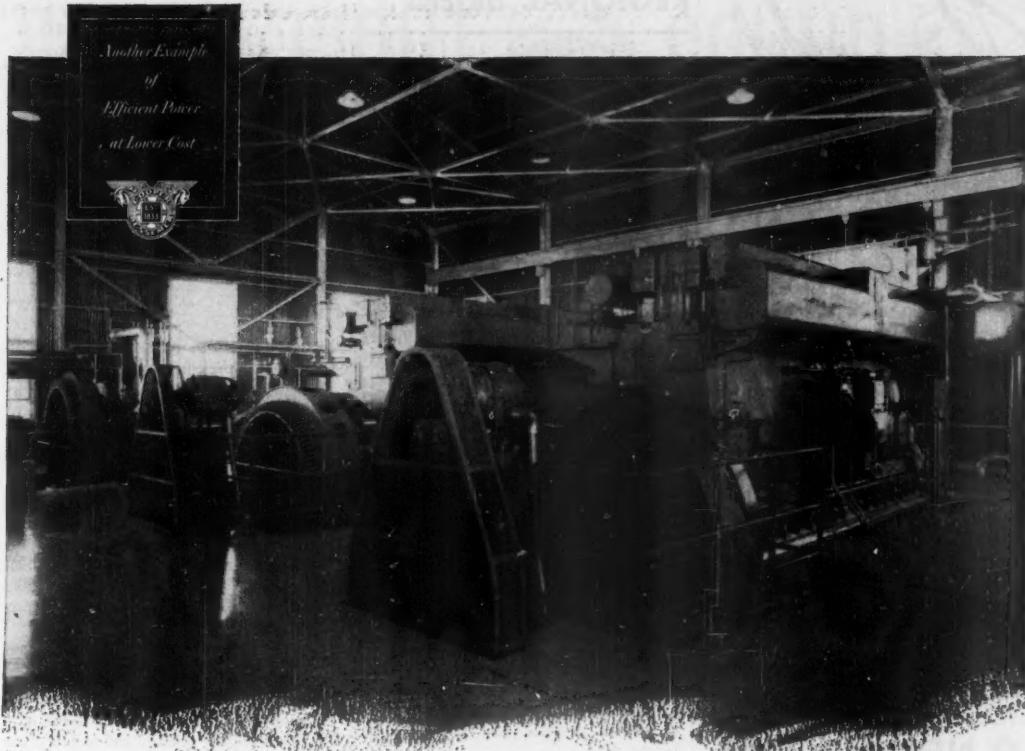
If Smith knows the land value and wants to assess the building, he reverses the process: He deducts a fair annual return on land value from total net income; the remainder he attributes to the building and then capitalizes it into a value for the building.

• **Combination** — These three methods are the basic tools of the assessor. There are many variations of each, and, in practice, Smith uses them and their variations in almost any combination—depending on just what is available, and possible, in each particular case. Sometimes he uses all three methods as a triple check.

• **He's an Old Hand** — The average assessor covers the same area year after year and knows his territory like a cop knows his beat. Chances are he's been at his job around 20 years, started as a junior assessor or clerk after a civil service exam at a salary of around \$2,200, and now makes around \$5,000 a year. He seldom argues with the assessment on his own property.

His year begins in August with the start of his field period. Between then and January he inspects and puts a value on every piece of property in his territory. That will include anywhere from 1,000 to 9,000 parcels. His tentative assessments are published in January, and from then until May he's busy with owners who appeal his findings—and the appeals are many. The Tax Commission reviews these applications and passes judgment. The assessor sits in on the hearings. If the taxpayer is still aggrieved, he may obtain a review in the New York State Supreme Court.

Then, just before the assessor's vacation, comes a period of intensive paper work to put him in shape for his next field season. Back from vacation, August finds him once again on the sidewalk, hands on hips, hat tilted back on head, looking at the skyscraper towering in front of him and muttering "Well now, let me see . . ."



NEW IDEA THAT CUT THE COST OF COPPER ... now a bulwark of defense!

IT takes a lot of muscle to power a big copper mine. That's the job these modern engines are doing—but at lower cost, in less space, than would have seemed possible only a few years ago.

It's a good example of how a new idea, Cooper-Bessemer's revolutionary gas diesel development, is being applied in vital industries today to cinch a *two-way* gain. First, these supercharged, gas-burning engines bring fuel consumption and fuel costs to a low never before equalled. Secondly, with greatly increased engine efficiency, power needs can now be met with a smaller-than-ever investment in materials, equipment and plant!

Think what such savings and conservation mean in the defense picture ahead . . . right now in fact! They will help keep America's basic power turned up—as it must be—for whatever may come. It's a

typical result of the development work going on all the time at Cooper-Bessemer.

If you have a problem in defense—important power, stationary, locomotive or marine, be sure to find out about the *new* things being done by one of America's *oldest* engine builders.

The
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MOUNT VERNON, OHIO

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Convenient to business and social activities, the Essex House overlooks famous Central Park and offers an address of distinction. Beautifully redecorated and refurnished. Many rooms with Television.

*Rooms with bath from \$7 to \$15.
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Vincent J. Coyle, Vice-President & Managing Dir.

2 NEW ELECTRIC PRODUCTIMETERS



Two Companion Counters . . . Two Sizes . . . Hi-Speed . . . Accurate . . . Long Life . . . Totally Enclosed

Speeds of 1,000 counts per minute. Both counters give maximum readability. Design fits all mounting conditions . . . panel mounting or base mounting. Hardened steel working parts for long life and dependability.

New type case for compactness, rigidity, and protection against dust and moisture conditions. Operate accurately over wide current fluctuations.

DURANT MANUFACTURING CO.
1906 N. Buffum St. 106 Orange St.
Milwaukee 1, Wis. Providence 3, R. I.
Representatives in Principal Cities

Write for
"New
Electric"
Bulletin

PRODUCTIMETERS
Count Everything

SINCE 1879

REGIONAL BRIEFS

Rainmaking on a commercial scale has been put under state control in Arizona, following the lead of Wyoming and Colorado (BW—Apr. 7'51, p28). Rainmakers and equipment manufacturers must be licensed. Main object of the control: Collect data on operations.

A city planning program worked out by Gadsden, Ala., has been adopted by Illinois as an example for communities in the 50,000-150,000 population class. North Carolina is also interested in the Gadsden plan.

Water! Water! Marietta, Ga., foresees a 100,000-gal-a-month water shortage by July, as increased employment at the Lockheed plant swells population of the Cobb County-Marietta area. Augusta, across the river from the projected Aiken (S.C.) atomic plant, expects a similar situation. The federal government has advanced \$83,000 for a study of a proposed \$7.4-million water and sewage expansion for Augusta.

Salary withholding for state income taxes has been approved by both houses of Vermont's legislature. All employees would be affected, just as under the federal plan.

Independence Hall Mall in Philadelphia

came a step nearer to reality when demolition began on a whole city block north of the hall. More than 100 businesses will have to find new homes by the time the block from Chestnut St. to Market St. is cleared.

Alabama's highways are getting a break. Gov. Persons has ordered state police to start enforcing the state's 56,000-lb. over-all weight limit for trucks. Weighing stations will be set up on main arteries, with portable scales on side roads.

Manufacturers in Michigan are getting state help in their hunt for war contracts. The state's Dept. of Economic Development is setting up a cataloguing system to tie in military needs with Michigan's facilities.

A turnpike law in Ohio has been upheld by the state supreme court. As a result, studies are being rushed on the feasibility of a super-highway from the western terminus of the Pennsylvania Turnpike across north-central Ohio to the Indiana state line.

The committee of 100 in Birmingham raised \$552,362 in less than a week for its fund to lure more business to the city. It's planning an open house to tap other potential contributors. Last year the committee coaxed 16 new industries to Birmingham.

Income Indexes: Here's how they look for March

Federal Reserve District	March, 1951	February, 1951	March, 1950
1. Boston	222.6	222.0	187.3
2. New York	237.7	237.3	202.4
3. Philadelphia	247.6	244.3	207.3
4. Cleveland	255.4	258.7	211.8
5. Richmond	269.0	267.4	223.7
6. Atlanta	305.7	299.3	258.1
7. Chicago	272.1	268.4	221.5
8. St. Louis	261.6	258.8	223.8
9. Minneapolis	288.1	295.7	248.5
10. Kansas City	325.5	322.4	261.3
11. Dallas	346.7	340.2	288.7
12. San Francisco	294.9	295.8	248.1
U. S. Composite	268.6	267.3	224.4

1941 = 100; adjusted for seasonal
March figures preliminary; February revised

BUSINESS WEEK

Sell by SIGHT SOUND

ACTION COLOR

in over 14,000 movie theatres

The selling power of television is up in lights. And we're glad of it, because Spot Movie ads in theatres offer you all the selling power of television—plus color—plus a nation-wide audience—plus low cost.

Spot Movie ads sell by sight, by sound, by action, in color or black and white. They're like a "short subject" in the theatre's regular program. They get virtually 100% attention of a relaxed, receptive audience.

You can use Spot Movie ads in more than 14,000 theatres across the country...in selected markets...even in selected neighborhoods. And you can use the same films on your television programs. The average, across-the-country cost of spot movie ads is very low.

In no other medium can you buy so much selling power for so little. Get all the facts today from one of the Movie Advertising Bureau offices listed below.

Movie Advertising Bureau

Member Companies: United Film Service, Inc. • Motion Picture Adv. Service Co., Inc.

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... Headquarters
FOR AIR HANDLING AND
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MEET OUR APPLICATION EXPERTS in Tennessee

MEMPHIS—J. E. Hurston Co., Sterick Bldg.; J. E. Hurston, F. E. Conway, C. L. Brown, Jr., R. B. Hurston, Jr.

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JOHNSON CITY—Paul A. Chapman & Associates, 116 Legion St.; P. A. Chapman

... Also Application Engineering Offices in All Other Principal American Cities



A Capable Nation-Wide Service

Take any type of air handling or conditioning requirement, and it makes SENSE to call in the nearest Clarage Application Engineer. This man KNOWS his business — can give you expert assistance. And back of his recommendations are engineering resources and manufacturing skills unsurpassed in the fan industry. Try Clarage for satisfactory results invariably accomplished MORE economically.

CLARAGE FAN COMPANY, Kalamazoo, Michigan



Work Moves Faster at this

Steel Age Desk!



Today's longer hours are less tiring, more productive when you work at this comfortable STEEL AGE Executive Desk. Features like the non-glare Corroleum top, the smooth, ball bearing drawer action and the roomy filing drawer all add up to more efficiency. Material curtailments and a record

demand often delay deliveries. But you'll find STEEL AGE quality well worth waiting for!

Steel Age

At Leading Office Furniture Dealers from Coast to Coast

CORRY-JAMESTOWN MANUFACTURING CORP.

Corry, Pennsylvania

Master Craftsmen of Steel Office Furniture

TAXES

What Are Costs?

You should know BIR's definitions—if you don't want to pay out more than you really have to.

Entertainment, travel expenses, and other business deductions can often be an important source of savings on individual income tax returns. But this type of deduction is one of the major causes of disputes between taxpayers and the Bureau of Internal Revenue.

• **A Fine Line**—BIR draws a fine line. It will allow some of these costs, but it calls others personal and refuses to recognize them as deductions. So it's important to know just where that line is drawn.

There's another hazard—the method you choose in claiming the costs as deductions. Deductions sometimes can fly out the window if you list them in the wrong place on your tax return.

• **When and How**—The regulations on when and how you can deduct such business costs are quite different for (1) business proprietors, professional men, and other self-employed people; and (2) employees, including corporation executives and salesmen.

The employee can only deduct these business costs in place of the so-called "standard deduction": he has to itemize them, along with his contributions, taxes, medical expenses, etc., on page 3 of the tax return. If he elects to take the standard deduction—which is the lower of (1) 10% of the adjusted gross income, or (2) \$1,000—he loses the business deductions along with deductions for contributions and taxes.

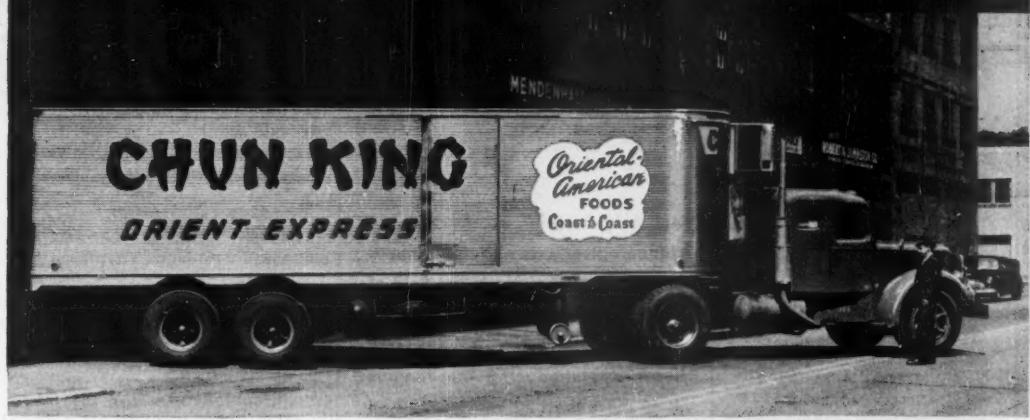
• **Two Exceptions**—There are two exceptions: (1) travel expenses (transportation, meals, and lodging) while away from home on employer's business; and (2) other expenses in connection with his job for which the employee is reimbursed. These can be taken independently of the standard deduction; mechanically, they're deducted from gross income on page 1 of the return to arrive at adjusted gross income.

(The second one doesn't really mean much—an employee who deducts reimbursed expenses has to report the money received as reimbursement as part of his gross income, so the two usually cancel each other.)

• **Better Break**—The business proprietor or professional man has far greater leeway. He can claim entertainment and other business expenses as a deduction

"Our FRUEHAUFS save us precious time, reduce our operating costs 20%

Says J. F. PADEUCCI, Pres. Chun King Sales, Inc., Duluth, Minn.



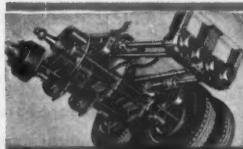
"OUR FRUEHAUF FLEET operates as a fast express service, bringing bamboo shoots and water chestnuts from San Francisco and New York docks to Duluth. Other units bring poultry from Illinois—celery from California and Florida," says Mr. Paulucci. "We double the value of our Trailers by hauling our Oriental-American canned foods to distribution points along the way. It is imperative that we have fast, dependable transportation at low cost . . . and Fruehaufs really do the job! They are invaluable to our operation".

Food processors like Chun King, and hundreds of other industries handling highly perishable materials are finding Fruehauf Stainless Steel Trailers the most dependable, low cost transportation available today. Fruehauf Trailer Company, 10941 Harper Avenue, Detroit 32, Michigan.



STRONGER, LONGER LASTING.—Mr. Paulucci says, "After 200,000 miles our Stainless Steel Trailers actually look as if they were just put on the road." Pound-for-pound, Stainless is stronger than any other Trailer material—resists fatigue—stays new.

THICKER INSULATION—Moisture resistant Ultralite glass fiber insulation keeps Fruehauf "refers" light without sacrificing strength. Glass fiber also has better insulating qualities. As a result, products hold temperature; can't spoil in transit.



RIDES EASIER—Fruehauf Gravity Tandem Suspensions ride easier, trail better because they employ torsion bars. Load rides level while wheels follow the road contour. It saves on gas and tires, too!

New catalog illustrates and describes the complete line. A copy is available to you free upon request. Write Fruehauf Trailer Co., 10941 Harper Ave., Detroit 32, Michigan.



FRUEHAUF Trailers

World's Largest Builders of Truck-Trailers

Your food—and almost all your daily living necessities—are brought to you all or part way by trucks and Trailers. They make

up Motor Transport—our nation's largest transportation system—employing 1 out of 7 American people.

CONTINENTAL

... First Name in Lightplane Power

RECORDS ARE SETTING WITH CONTINENTAL

DISTANCE

Capt. William C. Odom set new over-water record for light planes, flying from Honolulu to the Mainland in January, 1949. In March, Capt. Odom broke his own record, flying same Beechcraft Bonanza from Honolulu to Teterboro, N. J., 5,004 miles.

ENDURANCE

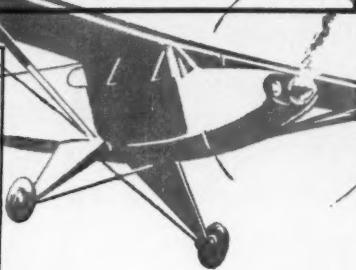
Woody Jongeward and Bob Woodhouse landed their Aeronca Sedan at Yuma, Ariz., Oct. 10, 1949, after remaining aloft 1124 hours—or six weeks and five days.

ALTITUDE

Sra. Ana Luisa Branger set officially-certified international altitude record of 24,504 feet in her Piper Special with Continental C90-8F engine on March 31, 1950, at Congressional Airport, Rockville, Md.

SPEED

John Paul Jones of Van Nuys, Calif., broke midget plane speed record at Detroit-Wayne Major Airport Aug. 13, 1950, winning Continental Motors Trophy Race at speed of 187.785 m.p.h., in home-built plane with C85 Continental engine.



Not only in pilot acceptance, but chronologically as well, Continental is truly the first name in the field of power for utility aircraft. Continental gave private flying its first real boost by introducing the famous A-40 more than 20 years ago. And because it has consistently pioneered in the things that mean safer, surer flying, Continental is pilots' overwhelming first choice today.

Underscoring this leadership is the fact that major records in all phases of aircraft performance—distance, endurance, altitude, speed—are Continental-held. Of even greater importance from the owner's and operator's standpoint is the maintenance of established service wherever people fly. It is wiser today than ever before to choose a plane with Continental power.

"...Deductions can sometimes fly out the window if you list them in the wrong place on your tax return..."

DEDUCTIONS starts on p. 118

from gross income to give adjusted gross income. When he has done that, he still can take the standard deduction if he wants to.

Example: Smith is a professional man with a gross income of \$10,000. He has business costs of \$2,000, and his contributions, interest, and deductible taxes add up to \$300. So he computes his taxable income like this:

Gross income	\$10,000
Business expenses	2,000

Adjusted gross income	8,000	
Standard deduction	(10% of \$8,000)	800

Taxable income	\$ 7,200
----------------	-------	----------

So his legal deductions add up to \$2,800, even though his actual deductible expenses were only \$2,300.

I. The Eagle Eye

The privilege of taking business deductions this way has been so much abused that claims of such costs on tax returns always get extra scrutiny. They are the tax examiners' pet disallowance; the most usual reason for disallowing them is inadequate proof that the expenditures were made and were legitimate business deductions. So if you fall in this class, be sure to keep full records; they can save you plenty.

• **The Schulz Case**—Take the case of James Schulz, just decided by the U.S. Tax Court. Schulz' business was importing and manufacturing fine watches and jewelry, ranging in price from \$100 to \$10,000. He sold only to stores and wholesalers.

During 1945 his gross profits were \$204,483.37. And he was unable to fill all his orders that year, to the tune of several hundred thousand dollars. Buyers came from all over the country begging for merchandise; they even offered "bonuses." Because of shortages, they came to New York more frequently than normal. When they came, Schulz entertained them—to maintain goodwill, not to get orders. And on his 1945 tax return, he deducted entertainment expenses of about \$9,300.

• **BIR Says No**—BIR disallowed the deduction entirely, and Schulz appealed to the Tax Court. Schulz had kept extremely detailed records of each item of the entertainment expense that he claimed as a deduction. That made this



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ESTABLISHED WORLD-WIDE SERVICE

Continental Motors Corporation

Aircraft Engine Division

MUSKEGON, MICHIGAN

an unusually clear-cut question as to just what entertainment costs are deductible.

• **Law Says Maybe**—The law says entertainment costs can't be deducted unless they are necessary to the business and have a direct relation to the business or the business benefits expected. A big part of Schulz' entertainment bill was spent on suppers, theaters, nightclubs, and other evening entertainment. Because Schulz had more business than he could handle anyway, the court refused to believe that the entire costs were incident to carrying on the business.

But it did concede that some of them were. Since there was no absolute way to tell how much, the court made an approximation—it allowed him to deduct \$5,500 out of his \$9,300 claim.

• **Better Keep Records**—Even if you don't keep records, the law gives you a break—but not a very big one. The precedent was set in a case involving George M. Cohan, the famous theatrical producer and manager. Cohan claimed deductions for entertainment, travel, and advertising expenses. He had not kept adequate records, so a lower court tossed the deductions out completely.

But a more understanding appeals court directed that some deduction should be allowed, since there was proof that considerable sums had been spent on these purposes, even though no records had been kept. If the taxpayer can prove he has had costs, the appeals court ruled, the government will approximate as closely as it can, "bearing heavily if it chooses upon the taxpayer whose inexactitude is of his own making."

That's the rule that's followed today. And that "bearing heavily" phrase obviously means that every doubt in such cases is resolved in the government's favor. Moral: Better keep records.

II. The Employee's Deductions

If an executive, salesman, or other employee elects to itemize his page 3 deductions rather than take the standard deduction, he may deduct legitimate business expenses, including entertainment for which he is not reimbursed. But if he elects the standard deduction, the only such expenses that he may deduct from gross income are traveling expenses (specifically not including entertainment) away from home. And the U.S. Supreme Court has put an extremely narrow interpretation on the word "home."

The question came up when J. N. Flowers took a job as attorney for a railroad whose main office was in Mobile, Ala. Flowers had lived for 30 years in Jackson, Miss. His new job required him to be in Mobile only about a third of the year. So on his tax return he claimed deductions for his transportation, meals, and lodging on his trips to Mobile.

The Tax Court said "no"; a court of ap-

HACKNEY LIGHTWEIGHT CYLINDERS



it costs NO more to ship

150 lbs. of anhydrous ammonia today than in 1930... even though freight rates are up 41%

Hackney Lightweight Cylinders offset higher freight rates for many products. These facts about anhydrous ammonia shipments illustrate possible savings to all compressed gas manufacturers.

In 1930, it cost a shipper \$4.64 to send 150 lbs. of anhydrous ammonia from St. Louis to Dallas in carload shipments. In 1950, it cost the same shipper \$4.65. Freight rates are up 41%, but the cylinder is lighter. Not only that... it cost about 25% less to return the empty cylinder in 1950.

These Hackney Lightweight Cylinders offset higher freight rates because they're deep drawn from one piece of sheet metal. The economies of this deep drawn construction are found in many other Hackney products... kegs, barrels, drums, air receivers and special shapes and shells.

There's a good chance that a Hackney product, backed by almost 50 years of specialized experience, may benefit you. Write for full details.

Pressed Steel Tank Company

Manufacturer of Hackney Products

1493 S. 66th St., Milwaukee 14
1397 Vanderbilt Concourse Bldg., New York 17
207 Henne Bldg., Cleveland 15
936 W. Peachtree St., N.W., Room 115, Atlanta 3
208 S. LaSalle St., Room 789, Chicago 4
555 Roosevelt Bldg., Los Angeles 14

containers for gases, liquids and solids





"...most chair for the
money I ever saw!"



"...best seat
I ever sat on!"

COSCO

"FINGER-LIFT"
(Patent Pending)

Office Chair

TO RAISE Place foot on circular rung, release control lever and lift seat to desired height.

TO LOWER Lift lightly on control lever.

Posture Back adjusts 3 ways

That's the consensus of opinion among employers and employees, alike: Cosco "Finger-Lift" Office Chair is a *better seat—a bigger value!* Foam rubber-padded, revolving "saddle" seat raises or lowers—quickly, easily and *positively*—to any height between 16" and 20" . . . backrest adjusts three ways. Durable, washable, vinyl plastic upholstery on seat and backrest in green, brown, maroon or gray; all-metal frame finished in gray, brown or olive green baked-on enamel, or chromium. Life-time lubricated, soft rubber casters, with ball bearing swivels. Ask for free demonstration at leading office equipment dealers. Or write for dealer's name: Cosco, Dept. BW-5, Columbus, Ind.

Illustrated: Model 16-C, gray enamel finish. Also 16-D, brown enamel; 16-G, olive green enamel; 16-B, chromium. Retail prices about \$29.95 to \$31.95 (slightly higher in Florida, Texas and Western states).

HAMILTON MANUFACTURING CORPORATION • COLUMBUS, INDIANA
Makers of COSCO Household Stools, Chairs and Utility Tables

"...The court ruled that he had elected the standard deduction and was stuck with it..."

DEDUCTIONS starts on p. 118

peals said "yes"; the Supreme Court said "no."

The high court held that, when Flowers accepted a job in Mobile, that became his "home" for tax purposes, and that if he elected to continue to live in Jackson, his case was similar to that of a man who works in a large city and commutes daily from the suburbs. In a situation such as that, it has long been the law that no deduction is allowed.

• **What Is Home?**—So the general rule is that transportation to, and maintenance at, a business location, post, or station doesn't carry a deduction—no matter how far distant that business location may be from the taxpayer's actual residence. But a Tax Court case that was decided this year holds out some hope that we may occasionally be able to rely on Webster for a definition of "home."

Joseph H. Sherman, Jr., lived in Worcester, Mass., and was employed there as a production manager and purchasing agent. In addition, he set up a separate business of his own in New York City. The New York business netted him about twice his Worcester salary. He spent 102 days in New York during the year, and on his tax return he deducted approximately \$2,400 for transportation to and meals and lodging in New York.

BIR, relying on the Flowers case, disallowed the deduction. But the Tax Court sided with Sherman. Sherman had two businesses, it ruled, and a man cannot have two homes. The only way to decide which of the two places was his home for tax purposes was to find out where his "roots" were. That was Worcester.

III. How to Dodge Trouble

The easiest way for an executive to avoid tax trouble on travel and entertainment expenses is to have the company make payments directly. Use of charge accounts and credit cards wherever possible helps here. When this can't be done and the executive has to lay out cash, he should always get a receipted bill. Then the company can repay him and keep the bill in its files for tax purposes.

But sometimes it's part of an employee's job to pay some business and entertainment expenses out of his own pocket. In that situation, it's wise to have a written agreement, spelling out exactly what bills the employee is expected to foot. That way, he may save himself a lot of trouble with BIR examiners.

DON'T TAKE OUR WORD FOR IT...

PROVE FOR YOURSELF THAT SYLVANIA FLUORESCENT TUBES ARE FINEST!



"Fluorescent
at its finest!"

It's a fact, Sylvania Fluorescent Tubes give *more light* for a longer time... maintain their uniform appearance, too.

But, such "claims" are not enough for you. You must make a fair trial to be convinced.

So you be the judge. Try 24 Sylvania Fluorescent Tubes of any popular type... Ask for your "certificate of assurance." If they don't out-perform... out-last, maintain color and brightness longer than any other brand, send them back with the certificate to your Sylvania supplier and your money will be refunded.

For maximum dependability in any lighting or electrical work, be sure to call the Electrical Contractor who displays this emblem.



Try 24 Sylvania Fluorescent Tubes of any popular type. If they don't give more light and maintain color and brightness for a longer time than any other brand, send them back and your money

will be refunded.

Sylvania Electric Products Inc.
Dept. L-1005, 1740 Broadway
New York 19, N. Y.
Yes, I am interested in buying and trying 24
Sylvania Fluorescent Tubes.

Name _____
Street _____
City _____
Zone _____
State _____



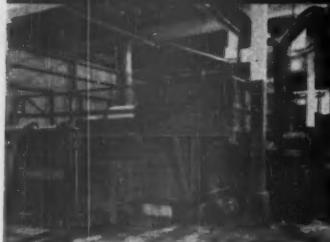
SYLVANIA ELECTRIC

FLUORESCENT TUBES, FIXTURES, SIGN TUBING, WIRING DEVICES; LIGHT BULBS; RADIO TUBES; TELEVISION PICTURE TUBES; ELECTRONIC PRODUCTS; ELECTRONIC TEST EQUIPMENT; PHOTOLAMPS; TELEPHONE SETS

FINANCE

RAIL PROFITS: They're higher this year than in 1950—

Use *Wolmanized*
Pressure-Treated
Lumber at the
Protection Points



—avoid costly ROT and TERMITE damage

In wood piping and tanks, in decking and in many other applications subject to rot or termites Wolmanized® pressure-treated Lumber is effecting important savings in dollars and labor.

It is used successfully because preservatives are forced deep into the wood fibers under high pressure (150 p.s.i.). In pressure treatment the volumetric absorption of preservative solution is measured in gallons per cubic foot—not in feet of coated surface.

Millions of feet of Wolmanized pressure-treated Lumber have been in service, under the severest conditions, for years. Our engineers will discuss specific applications. Or, write for the booklet "Service Records of Wolmanized pressure-treated Lumber."



American Lumber & Treating Co.

General Offices: 1601 McCormick Bldg.
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*Wolmanized is a registered trademark
of American Lumber & Treating Co.



Lumber
Stops Rot and Termites

	1929	1950	1951
Transcontinental Roads			
Atchison, Topeka & Santa Fe	\$48,759	\$108,098	\$136,470
Chic., Milw., St. P. & Pacific	38,707	51,927	61,314
Great Northern	24,905	38,854	45,817
Northern Pacific	20,585	28,717	34,970
Southern Pacific	51,537	120,213	152,276
Union Pacific	48,671	89,431	114,697
Southwestern Roads			
Chicago, Rock Island & Pacific	33,102	41,859	49,885
Missouri-Kansas-Texas	13,334	17,186	20,143
Missouri Pacific	32,768	47,178	57,473
Texas & Pacific	11,400	15,638	18,627
Granger Roads			
Chic., Burlington & Quincy	38,660	49,770	64,575
Chicago & North Western	33,422	38,689	46,102
North-South Carriers			
Gulf, Mobile & Ohio	NA	17,196	21,241
Illinois Central	45,209	60,928	72,569
Southern Roads			
Atlantic Coast Line	22,246	34,205	42,141
Louisville & Nashville	32,332	43,072	55,265
Seaboard Air Line	16,404	34,205	40,315
Southern Ry.	45,868	54,284	63,477
Pocahontas Roads			
Chesapeake & Ohio	42,192	61,264	82,662
Norfolk & Western	26,927	33,473	46,972
Virginian Railway	5,025	5,930	10,632
Eastern Trunk Lines			
Baltimore & Ohio	56,670	80,715	105,183
Erie	26,984	35,138	43,634
New York Central	92,699	164,465	193,448
New York, Chicago & St. Louis	13,702	32,346	38,693
Pennsylvania	156,740	195,319	239,640

NB All figures are in thousands of dollars. D Deficit.

Railroads—Not so Healthy

To the casual observer, the railroad industry today presents a mighty handsome facade, one that looks all marble and a couple of stories high. But the inside of the house doesn't match up to it. Once inside the door, you can spot all sorts of cracks and strains that may cause trouble when the mobilization boom is over.

• **Misleading Signs**—On the surface, there is every reason to think the industry is flourishing. Consider:

• Last year's flashy operating performance of the Class I roads—those reporting over \$1-million of annual gross revenues;

• The sensational 1950 earnings racked up by many individual systems;

• The spectacular stock market performance of the rail shares through much of the "Korean bull market";

• The good 1951 earnings predicted by Wall Street.

Last year gross revenues of the Class

—but they were easier to produce in 1929 than now.

FIRST QUARTER NET EARNINGS			NET EARNINGS: PERCENT OF GROSS		
1929	1950	1951	1929	1950	1951
\$10,596	\$12,612	\$15,055	21.7%	11.7%	11.0%
6,655	D2,698	516	17.2	—	0.8
3,734	D6,725	D2,541	15.0	—	—
2,164	D5,474	D893	10.5	—	—
10,179	5,220	9,978	19.8	4.3	6.6
9,126	10,305	14,642	18.8	11.5	12.8
5,320	2,687	4,136	16.1	6.4	8.3
3,226	908	1,243	24.2	5.3	6.2
6,677	1,301	2,587	20.4	2.8	4.5
2,765	1,311	1,589	24.3	8.4	8.5
10,935	4,967	8,170	29.3	10.0	12.7
3,748	D2,973	D1,787	11.2	—	—
NA	784	1,250	—	4.6	5.9
7,721	4,070	3,914	17.1	6.7	5.4
6,415	4,001	2,710	26.8	11.7	6.4
4,459	2,272	5,353	13.8	5.3	9.7
3,608	2,669	3,748	22.0	7.8	9.3
7,830	3,680	4,229	17.1	6.8	6.7
10,807	961	6,831	25.6	1.6	8.3
7,873	3,666	6,476	29.2	11.0	13.8
2,004	672	1,679	39.9	11.3	15.8
9,789	D189	2,535	17.3	—	2.4
4,538	1,825	3,018	16.8	5.2	6.9
13,866	D4,085	D7,956	15.0	—	—
3,307	4,099	3,852	24.1	12.7	10.0
31,396	585	D7,784	20.0	0.3	—

© BUSINESS WEEK

billion freight ton miles, compared with last year's \$90-billion. Anticipated gross revenues fall somewhere within \$10.5-billion to \$10.7-billion, or the highest on record. At worst, 1951 profits should be at least as good as last year's; at best, they could reach the high of \$902-million chalked up in 1942.

• **Underneath**—Then where is the trouble? Why are the roads worried about lean days?

One big reason is operating costs. Ever since V-J Day, costs have been climbing steadily, doing far more damage than the casual observer realizes.

If you have any doubts, all you need

I group climbed 12% to around \$9.5-billion, a figure topped only once before—1948. Earnings rocketed almost 80% to \$783-million. True, this isn't a record-breaking profit total. But it's a figure that has been exceeded only twice since 1929—in 1942 and 1943.

• **More Pleasantry**—To make things even nicer, most of Wall Street's tribe of rail experts see even better revenues and earnings this year than last. They expect industry to handle some 650-

UTILITY COMPANIES

Slash Billing Costs

with Elliott

Elliott address cards file like index cards



A few other Elliott models



Combination BILL PRINTER and ADDRESSER

This unique Elliott machine addresses, dates, prints the bill form, perforates it and cuts it to size automatically at 12,000 impressions per hour. Same machine can be equipped to print both sides of bill.



Result: You cut inventory problems—store only rolls of blank paper or card stock, print bills as needed. For different bill heads, girl simply changes rotary printing plate.

And—using Elliott Address Cards gives you all these extra advantages:—

Increase production speed 40%

Eliminate noise

Reduce filing space 50%

Reduce weight of files 75%

Elliott ADDRESSING MACHINE CO.

151-E Albany Street, Cambridge 39, Mass.

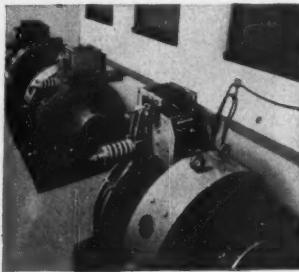
WHEN A BUILDING NEEDS A LIFT



Above: Smooth operation, perfect automatic leveling, fingertip control, electric door operation, attractive cabs add up to faster, more comfortable vertical transportation. Each of the four cabs, which serve ten floors, has a capacity of 3000-lb at 800 fpm.

★ ★ ★

Right: G-E shunt-wound, gearless traction motors, rated 45 hp, 270 volts, provide dependable, limited maintenance service. They have 36-in. sheaves with U-grooves for one-to-one roping, and are equipped with solenoid brakes.



You can put your confidence in—

GENERAL  **ELECTRIC**

665-112

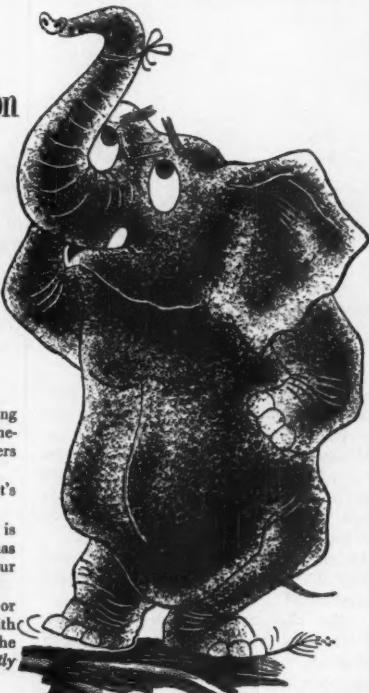
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ATLANTIC
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Of course you do! Because there's something about a letter typed on Atlantic Bond... something that makes it stand out from all others on the busiest of desks.

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Before the first sentence of your message is read, this business paper of distinction has spoken a message of its own: "I merit your immediate attention!"

Ask for Atlantic Bond in White, Cream or any of twelve attractive colors... all made with Eastern's exclusive Purcell®. You'll like the quality... and you're sure to be pleasantly surprised at the price.



EASTERN CORPORATION • BANGOR, MAINE

"... costs have been climbing steadily, doing far more damage than the casual observer realizes . . ."

RAILROADS starts on p. 124

to do is look at the comparison (page 124) of profit margins in the first quarters of 1929 and 1951. Note how much they have narrowed.

Mighty Santa Fe, for example, in the first quarter of this year earned only about \$4.5 million more than in January-March, 1929. And to make the showing took a lot of extra dollars of revenues—close to \$98-million, in fact. Back in 1929 Santa Fe was able to carry through to net income close to 22% of gross revenues; this year, thanks to the higher costs of doing business, it translated into profits only about 11% of each dollar of income.

Take the showing of an eastern blue chip, the Norfolk & Western. In the first quarter of this year, only 13.8% of gross went into profit; in the first quarter of 1929, the ratio was 29.2%. As a result, though gross revenues were some \$20-million higher this year, net was actually \$1.4-million less.

• **Partial Remedies**—The rails, of course, have been doing everything possible to combat this rise in costs. Since 1929 they have spent over \$17-billion on gross additions and improvements. More than \$9-billion of it has been for such things as cost-saving diesels and labor-saving mechanized equipment. In the process, the roads have done much to improve their operating efficiency.

• **Stoppers**—On two cost items—wages and taxes—however, they've been stymied. These are the villains in the piece.

Take the matter of wage costs. Since World War II ended, the railroads have had to make one wage hike after another. As a result, payrolls last year chewed up at least 50% of every dollar of revenues. In 1941 such payments took less than 41%.

This year is going to see an even tougher situation. Last February a new wage agreement was signed with non-operating employees. The estimate is that it raised wage costs another \$500-million a year. New wage and working rules demanded by the operating employees, who have yet to sign up, would tack on another \$160-million, the industry believes.

The tax bill of the railroads doesn't run so high as their payrolls. But taxes do make up an appreciable item. Last year federal income taxes alone came to around \$600-million, despite the above-average treatment the industry

Building Strength for the Free World

Highlights from the Annual Report of Standard Oil Company (New Jersey)
for 1950...a year of record activity*

Standard Oil Company (New Jersey) is an American corporation which has, in varying degrees, investments of capital and technical knowledge in a large number of operating oil companies, both in the United States and abroad. In 1950, these companies:

IN THE U. S. A.



Drilled over a thousand new wells, with an unusually high proportion of producers . . . Improved and expanded refineries in New Jersey, Maryland, Louisiana, and Texas . . . Completed a new continuous wax-making plant at Bayonne, N. J. . . Added 370 miles to Texas crude oil pipeline systems . . . Started doubling the capacity of a products pipeline across Pennsylvania . . . Let contracts to increase by 85% the capacity of a pipeline from Baton Rouge to the Southeastern states . . . At government request, re-activated two government-owned Butyl rubber plants; also continued operating two others which have been producing constantly since 1943 . . . Invested over 20 million dollars in laboratory research for new and improved processes and products.

IN WESTERN EUROPE



Proposed a plan which ended gasoline rationing in England . . . Went ahead of schedule in construction of a new refinery at Fawley, England, to be the largest in Europe . . . Expanded, improved or started construction of refineries in Norway, Belgium, West Germany, France, and Italy . . . Opened many new service stations, which served not only local motorists, but some 18,000 American tourists . . . Supplied 28% more fuel oil than a year ago, to meet needs for industrial expansion . . . Met the greatest demand for asphalt for new road building ever experienced in these areas.

IN THE MIDDLE EAST



Stepped up oil production substantially in Saudi Arabia . . . Opened the vitally important Trans-Arabian Pipeline system from oil fields on the Persian Gulf to the Mediterranean . . . over 1,000 miles of 30- and 31-inch pipe . . . Started construction of a large-diameter pipeline extending 550 miles from Iraq to the Mediterranean.

IN THE FAR EAST



Expanded production of crude oil in Indonesia and explored for oil in Papua . . . Increased output of refineries in Australia, Sumatra, Japan.

IN CANADA



Produced nearly 50% more oil than a year ago . . . Made new oil and gas discoveries in Ontario and Alberta . . . Operated nine refineries at 14% greater output than a year

ago . . . Opened a new 1,100-mile pipeline system from Alberta to Lake Superior, to carry crude oil toward the major Canadian refineries and markets.

IN SOUTH AMERICA



Set a new production record in Venezuela, second largest oil-producing country in the world . . . Operated the big Aruba refinery in the Netherlands West Indies at a higher rate than ever before . . . Met sharply increased call for products throughout the continent, to support the vigorous post-war development.

IN OCEAN TRANSPORT



Received the last 4 of 12 super-tankers ordered two years ago . . . Ordered 6 more new tankers . . . Operated an ocean-going tanker fleet of 117 vessels, totaling over 2 million deadweight tons.

IN EMPLOYEE RELATIONS



Continued the same favorable labor relationships that have prevailed for more than three decades, with no strikes in domestic operations.

THE YEAR ENDED . . . THE JOB GOES ON. In 1950, for the first time, world use of oil outside the Iron Curtain passed 10 million barrels a day. For comparison, it was just over 7 million in 1945, the peak war year.

This is significant to free people everywhere. Oil supplies in today's world are closely linked to living standards and national strength.

It seems clear that more and more the world will look to oil to help keep it free and progressive. More and more it becomes clear, in meeting that need, that the American-developed business process of risk and result . . . of competition spurring corporate ingenuity and responsibility . . . is a strong and flexible system for promoting the welfare of people.

* We will be pleased to send a copy of the full report to anyone wishing it. Write Room 1626, 30 Rockefeller Plaza, New York 20, N. Y.

FINANCIAL SUMMARY

Standard Oil Company (New Jersey) and Consolidated Affiliates

Total income from sales, services, dividends and interest . . . \$3,198,266,000	Taxes collected for governments . . . \$294,749,000
Net income . . . \$408,223,000 or \$13.48 per share	Wages and other employment costs . . . \$548,205,000
Dividends . . . \$151,028,000 or \$5.00 per share	Spent for new plants and facilities . . . \$295,132,000
Taxes paid . . . \$276,000,000	Number of stockholder-owners . . . 222,000
	Number of employees . . . 116,000

STANDARD OIL COMPANY (NEW JERSEY)

AND AFFILIATED COMPANIES

Keystone Custodian Funds

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INVESTMENT FUNDS
investing their capital

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PREFERRED STOCKS
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The Cessna 170 is the most practical plane aloft for big or small business use. It's fast, safe, easy to fly, inexpensive to use, carries 4 passengers and luggage. Cost? Several thousand dollars less than any other 4-place, all-metal plane on the market. Look into the mobility, executive man-hour savings it can bring you.



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Cessna Aircraft Co., Dept. BW-5, Wichita, Kan.
I want to know more about the all-metal Cessnas
and the man-hours they save. Please send
detailed information.

NAME _____

ADDRESS _____

CITY _____ STATE _____

Position _____

got under the excess profits tax bill. In 1929 federal income taxes took only some \$89-million.

• **Rate Hikes**—To offset higher costs the railroads have been granted freight rate increases totaling some 57%. Passenger fares, too, have been hiked sharply. A request for another permanent 15% increase in freight rates is now pending before the Interstate Commerce Commission.

Higher rates, of course, offer one main route of escape from the blighting effect of higher costs.

But these are signs that even in times like these higher freight rates cause a sharp loss in potential business. One analyst's figures show that in 1947 the railroads moved 3.5-billion ton miles for each point of industrial production; by 1950 the figure had dropped 16% by 2.9-billion ton miles per point.

• **More Improvement**—In order to cut costs further and to increase operating efficiency, the industry is still buying huge amounts of new equipment. Over 300 diesel units are being put into service monthly; on Apr. 1 there were 2,420 new units on order.

All this, of course, is costing the industry plenty. Equipment obligations now outstanding are almost double their earlier record of \$1-billion. And it is estimated that equipment orders now on the books will cost another \$1.3-billion when delivered. That very likely means the issuance of \$1-billion more of new equipment obligations before yearend.

Earnings Slide For GM and Chrysler

Taxes, price controls, and material allocations are beginning to cut the earnings of the auto makers. Last week General Motors Corp., biggest in the industry, reported that sales in the March quarter of 1951 were \$1,960-million, up 19% from the same 1950 period. But profits were down about 33%, to \$141.5-million.

• **Tax Payment Doubled**—You can visualize the drop in earnings better in terms of the percentage of sales dollars that came down to net profit. In its latest quarter, GM's net income was only 7.2% of sales, compared to 12.9% in the same 1950 quarter. One big reason for the drop: GM had to set aside \$264-million for taxes, almost twice the \$149-million for the 1950 quarter.

GM's first-quarter sales, though way ahead of the first quarter of 1950, didn't quite reach the record volume of the second and third quarters of 1950. In the third quarter last year, GM sales totaled \$1,992-million.

• **Chrysler, Too**—The week before, Chrysler Corp. had reported much the

same picture for the first quarter. Comparable first-quarter figures for 1950 were not available, since Chrysler workers were on strike during most of that time. But Chrysler was able to bring only 2.13% of its \$626-million of sales in the 1951 March quarter down to net, compared to 5.8% in the whole year of 1950, and 6.3% for all of 1949.

Chrysler sales were off fairly sharply from the \$700-million of the December quarter and the record of \$815-million in the third quarter.

Request Denied

West Virginia says it can't postpone veterans' bond issue despite mobilizer Wilson's plea. Other projects in works.

The row over West Virginia's veterans' bonus bond issue (BW—May 12 '51, p132) is getting hotter. Last week the state governor, Okey L. Patteson, turned down defense mobilizer Charles Wilson's personal request to all state governments that they postpone borrowing, "if the project is postponable." The state is going ahead and asking for bids on the \$67.5-million issue.

• **No Market**—It may not get much reaction from the market. One of the two syndicates that were planning to bid on the issue said it wouldn't bid after all. The group headed by Smith, Barney & Co. withdrew after the Federal Reserve's eastern committee for voluntary credit restraint called the issue inflationary.

The other interested syndicate headed by Halsey, Stuart & Co., of Chicago, is reported to be dropping out, too.

• **Mandate**—Though he may have no bidders, Gov. Patteson maintains he has a mandate from the citizens of West Virginia to go ahead. They voted for it two years ago. Patteson says many veterans have anticipated their bonus by buying on the instalment plan.

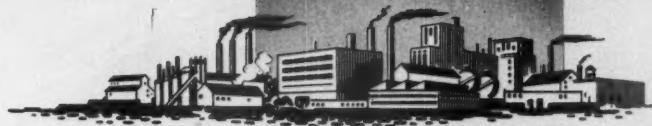
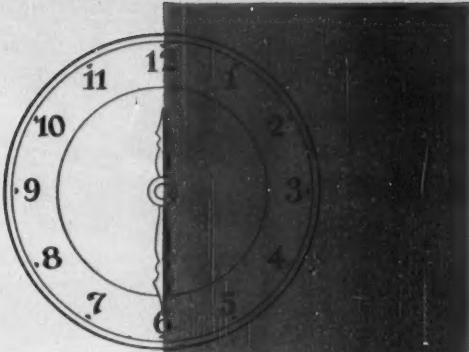
• **More to Come**—Meanwhile, the State of Washington is planning to offer next week a \$60-million issue to pay for new schools and other institutions. Washington officials feel they can't postpone their program either.

Oregon has another veterans' bonus bond issue, for \$40-million, all planned. Last week Baltimore voters approved \$49.5-million worth of bond issues for port development, schools, a through highway, off-street parking, and several other projects.

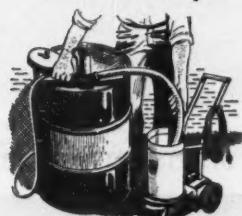
Just how the voluntary restraint committees are going to handle these remains to be seen. The National Production Authority may take a hand. It now has to O.K. local public works plans that require over 25 tons of steel.

\$3,000

...for the half-hour that wasn't there



Alemite
Cuts Costs 3 Ways



1. In transferring lubricants . . .
cuts man hours 63% for every 100 pounds transferred. Eliminates mess, costly contamination.



2. In loading grease guns . . .
saves 3 1/2 man hours for every 100 pounds of lubricant loaded into hand guns.

WHEN a Massachusetts company* surveyed their plant methods, they were amazed to find how much it was actually costing them to keep their machinery lubricated.

The lubrication cost was \$14 every day. Added to that was the cost of the half-hour's production time lost every day while the machinery was stopped for lubrication.

This manufacturer called in an Alemite Lubrication Engineer. He recommended a system that automatically lubricated all the machinery . . . while it was running! The result: the lost half-hour was converted to productive time and the cost of lubrication was cut from \$14 a day to only



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21c a day. The total savings are over \$3,000 every year.

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*Name on request

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"11 Ways to Cut Production Costs" . . .
(Simply attach to your letterhead)

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We'll include facts on the new Alemite Oil-Mist System, too—Oil-Mist atomizes oil into mist, circulates it to bearings under pressure. Increases life of bearings as much as 17 1/2 times.



Name _____

Company _____

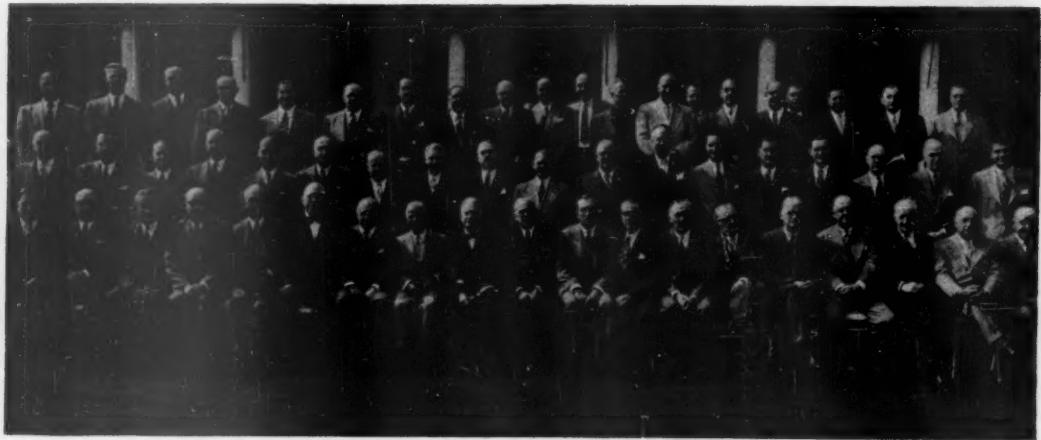
City _____ State _____



OWNER NO. 1-MILLION is Brady Denton (left), auto salesman of Saginaw, Mich. He bought seven shares of AT&T through a local bank. Here the Dentons look over part of their property at their local Bell System office.

1-Million Stockholders for AT&T

STORY STARTS ON PAGE 132



HYDRA-HEADED stockholder of AT&T is brokerage house of Merrill Lynch, Pierce, Fenner & Beane, most of whose 58 general partners are gathered here. Merrill Lynch is nominal owner of over 100,000 shares, which it holds for 3,700 customers.



TELEPHONELESS stockholder Tah wat is tah ker na ker is an elderly Comanche.



NEWSBOY Billy Brady saved up and bought two shares on grandmother's advice.



RETIRED schoolteacher, Frederika Jenkins, Raleigh, N. C., owns eight shares.



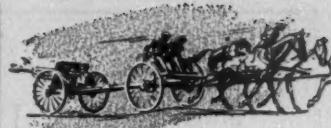
BIGGEST stockholder (50,000 shares) is Massachusetts Mutual Life Insurance Co.



MR. & MRS. August Sundquist, Kingston, Mass., depend a lot on their stock.



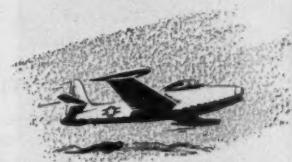
FOREMAN Albert Elker, of Asbury Park, N. J., has been buying AT&T since 1915.



**1918 WE WELDED
STEEL RIMS FOR
ARTILLERY CARRIAGES**



**1941 WE WELDED
STEEL TURRET RINGS FOR
ARMORED VEHICLES**



**1951 WE'RE WELDING
STAINLESS STEEL RINGS
FOR JET AIRCRAFT
ENGINES**

Because WELDING RESEARCH never stops at American Welding, we are in a position to help you with your design and engineering problems where fusion or resistance-welding can be applied to either ferrous or non-ferrous metals.

May we hear from you—we'll be glad to send our illustrated catalog, if you wish.



The
**AMERICAN WELDING
& MANUFACTURING CO.**

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PROVIDING *Quality Bonds—in Quantity*

Once an incidental factor, the availability of bonds in substantial amounts has become of prime importance in these days of pension funds, trust funds and similar large investors. Very real advantages accrue to the quantity buyer who has at hand a volume source of debt obligations.

¶ Through 50 years of specialization in the underwriting and distribution of bonds, notes and debentures, Halsey, Stuart & Co. Inc. has been identified with debt issues totaling more than 24 billions of dollars—the obligations of representative borrowers in virtually all major fields and localities of the United States.

¶ This firm is equipped to serve intelligently not only the buyer with modest requirements but the investor of sizable funds as well. Send without obligation for our latest select offering list.

OPPORTUNITIES IN MUNICIPALS

The expanded issue volume of municipal bonds has created new investment advantages in this field. In addition to tax exemption, favorable yield and security, the broadened opportunity for diversification in municipals contributes to their desirability. A

suggestion of the variety and quantity of municipals available is found in the fact that in the last five years alone Halsey, Stuart has been identified with the underwriting and distribution of issues aggregating more than \$4 billions and originating in 47 of the 48 states.

■ ■ ■

HALSEY, STUART & CO. INC.

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AND OTHER PRINCIPAL CITIES

LOOKING FOR clues?

You will find it on page 158 of this issue. And you will find that the advertisers in it are getting results. If you have personnel problems; want to offer or secure a business opportunity; have a special service to offer, put it where the management—men of American business will be sure to see it—in "clues".



"...At least one in every 45 American families owns AT&T stock..."

AT&T STOCKHOLDERS starts on p. 130

Mighty American Telephone & Telegraph Co. announced this week that it now has 1-million stockholders. That's a landmark for U.S. business; no other corporation has stock more widely held. General Motors Corp., the nearest competitor, has about 460,000 stockholders.

• **Variety of Owners**—AT&T's stock is owned by all sorts of persons (pictures, page 131). More than half of them hold 10 shares or less, and the biggest investor, Massachusetts Mutual Life Insurance Co., holds only a fraction of 1% of the total shares outstanding. It would take the combined holdings of the 80,000 biggest stockholders, including institutional investors, to vote a majority of the common stock.

At least one in every 45 American families owns AT&T stock. Many more have an indirect interest—through 4,000 institutions, mostly insurance companies, schools, churches, and hospitals.

• **Why Buy?**—Why do so many types of investors buy AT&T? Probably because they can count on a return for their money. The company and its predecessor—American Bell Co.—have never missed a dividend since 1881. Since 1922 AT&T has regularly paid a \$9 dividend, which has represented nearly all its per-share earnings. Several times AT&T failed to earn \$9 a share, but it paid the dividend anyway. It feels it has an obligation to preserve the record.

AT&T stockholders have considerable faith in the strength of their company. For one thing, the telephone business is relatively unaffected by depressions. And AT&T can count on steady growth for years to come.

Stockholders also have faith in the honesty of their company. The last time AT&T offered convertible debentures to stockholders, quite a few people who wanted to buy couldn't figure out how much they had to pay. So they sent signed blank checks to the head office at 195 Broadway in New York.

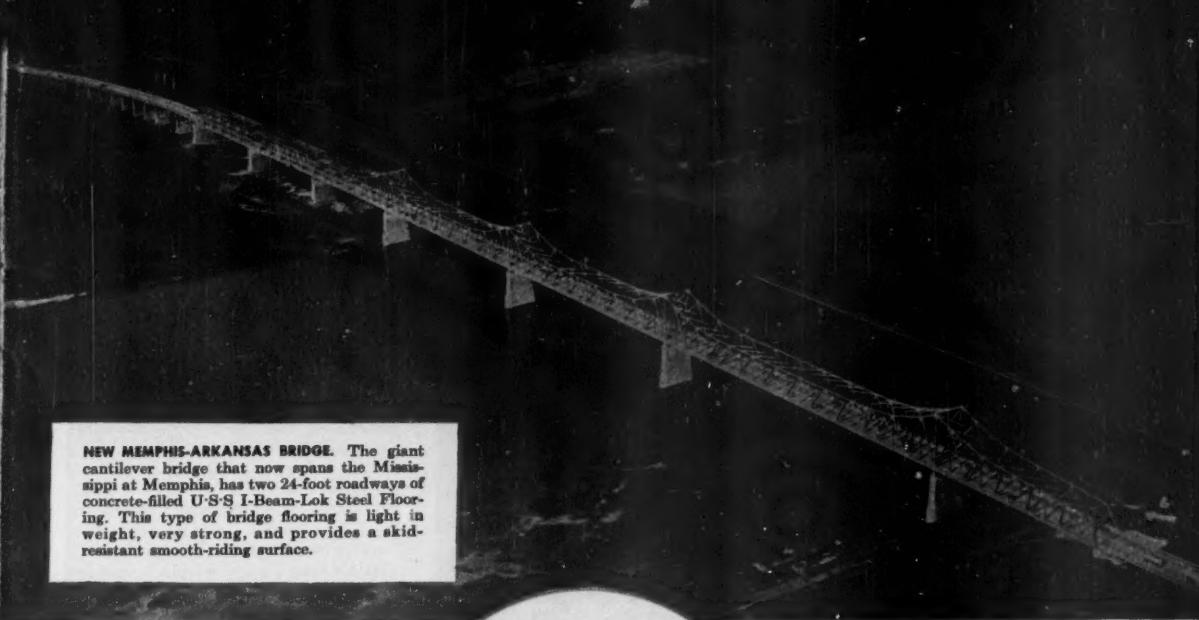
• **Stockholders' Comments**—AT&T interviewed some individual stockholders a while back, asking them why they had bought its stock. The comments indicate a kind of idealism that is rarely heard on Wall Street:

• "It makes me feel good to know I have a stake in a business that is vital to the everyday lives of many people."

• "We are doing a little bit to help the telephone business. The telephone business, I know, will help us through its regular dividends."

• From an employee (one-third

NEW MEMPHIS-ARKANSAS BRIDGE. The giant cantilever bridge that now spans the Mississippi at Memphis, has two 24-foot roadways of concrete-filled U-S-S I-Beam-Lok Steel Flooring. This type of bridge flooring is light in weight, very strong, and provides a skid-resistant smooth-riding surface.



Only STEEL
can do so many
jobs so well...



105 MM. HOWITZER SPEAKS OUT. Weapons like this, call for steel, steel, steel. And it's fortunate that United States Steel and other American steel companies can produce huge quantities of this vital metal . . . enough not only for howitzers, but hospitals, for tanks as well as tin cans.



FACTS YOU SHOULD KNOW ABOUT STEEL

By the end of 1952, the American steel industry will have an annual capacity of over 117,500,000 tons of steel—more than 3 times the capacity of all the communist nations combined.



55-MILLION-YEAR-OLD JAWBONE. This fossil jawbone—part of a 2-inch shrew that lived 55,000,000 years ago—is being examined at The American Museum of Natural History which sponsored the fossil-hunting expedition with the University of Wyoming. The tiny bone is mounted on a fine steel wire. U. S. Steel makes all kinds and sizes of steel wire.



GOING UP! Every sidewalk superintendent gets a thrill out of watching a skyscraper go up, seeing the tough steel skeleton take shape, the heavy loads swayed aloft on spidery cables. U. S. Steel gets an extra thrill out of this one . . . not just because it produced, fabricated and erected the structural steel, and made the U-S-S TIGER BRAND Wire Rope, but because this will be U. S. Steel's own new home in Pittsburgh.

... and this trade-mark is your guide to quality steel

UNITED STATES STEEL

Helping to Build a Better America

AMERICAN BRIDGE COMPANY • AMERICAN STEEL & WIRE COMPANY and CYCLONE FENCE DIVISION • COLUMBIA STEEL COMPANY • CONSOLIDATED WESTERN STEEL CORPORATION • GERRARD STEEL STRAPPING COMPANY
GUNNISON HOMES, INC. • NATIONAL TUBE COMPANY • OIL WELL SUPPLY COMPANY • TENNESSEE COAL, IRON & RAILROAD COMPANY • UNION SUPPLY COMPANY • UNITED STATES STEEL COMPANY
UNITED STATES STEEL EXPORT COMPANY • UNITED STATES STEEL PRODUCTS COMPANY • UNITED STATES STEEL SUPPLY COMPANY • UNIVERSAL ATLAS CEMENT COMPANY • VIRGINIA BRIDGE COMPANY

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a Dictation Machine
at less than the cost of a typewriter

Here's the exciting
Webster-Chicago
Electronic Memory 228
— the new,
performance-proved
dictation machine
that surpasses ordinary
machines all ways!
Compare these
228 features!



- Matchless "listenability"—the most important single function in dictation—made possible by Natural Voice Playback—an Electronic Memory 228 exclusive feature!
- New microphone, with start-stop button, and toe-touch Foot Control make the Electronic Memory 228 easiest to operate!
- Automatic erasing—wire can be re-used thousands of times—no shaving or reprocessing necessary.
- Buy only one unit for both dictating and transcribing.
- Truly portable—use at work, home or on trips. With carrying case, the Electronic Memory 228 weighs less than 20 pounds.

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Ford Fights Crop Disease...

• One of the most effective means of pest, disease and weed control is through the use of mobile mechanical spraying units. Here, as in many other applications, Ford Industrial Power has been a long-time favorite for dependable, low-cost operation.

Ford Industrial Engines and Power Units are available in five models from 4-cylinder, 120-cu. in. displacement to V-8, 337-cu. in. displacement. Important applications of Ford Industrial Power, especially at this time of building for defense, include:

FIRE PUMPS • COMPRESSORS
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This Lawrence "Aero-Mist" spraying unit is powered by a Ford 4-cylinder "120" Industrial Power Unit.



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I am interested in Industrial Power for this application:

Send me new 1951 literature on Ford Industrial Power

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Attention of _____

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INDUSTRIAL ENGINES
AND POWER UNITS

**YOUR JOB IS WELL-POWERED
WHEN IT'S FORD-POWERED**

"... His letters were
always so nice ..."

AT&T STOCKHOLDERS starts on p. 130

of Bell System's 600,000 own stock): "I sort of like the idea of owning a little piece of the outfit I work for. Gives me more interest in the job."

• A retired lady schoolteacher liked the stockholder letters written by Walter S. Gifford, former AT&T president: "His letters were always so nice. They made me feel as if I knew him personally. They have given me complete confidence in the company."

• **Trip for 1-Millionth**—This week, a couple of months after the 75th anniversary of the telephone's invention, AT&T brought its 1-millionth stockholder—Brady Denton—to New York City to meet company officers and see the town. An ex-GI, Denton has a wife and three boys, sells Buicks in Saginaw, Mich. Denton never had bought any stock before, but he liked what he heard about AT&T.

FINANCE BRIEFS

Warner brothers decided not to sell their controlling interest in Warner Bros. to the Luria group after all (BW—May 12 '51, p128). Now they're making noises as if they may stay with the movies. But Wall Street and Broadway still think their stock is for sale at the right price.

• A \$30-million V-loan for Continental Motors Corp. (BW—Apr. 751, p154) has been O.K.'d by stockholders. This is the second big V-loan to be arranged. International Harvester just got one for \$75-million.

Kaiser-Frazer Corp. has purchased a 49% interest in Chase Aircraft Co., West Trenton, N. J. K-F's Willow Run plant probably will make a new transport plane developed by Chase.

Brokers and securities dealers will pay more for their loans. Chase National Bank of New York has boosted its rate from 2% to 2 1/2%. Other banks are expected to follow.

Royal Little is in the news again. Elizabethton (Tenn.) voters will pass on a \$4-million bonds issue soon, to build a plant and lease it to Little's Textron, Inc.

Regulation X has been amended by the Federal Reserve Board again. All regular lenders of real estate credit will have to register with FRB by June 30.



OUTDOOR INDUSTRIAL LIGHTING

Inadequate lighting such as this makes it difficult to guard your plant boundaries properly. For a moderate investment most plant protective lighting systems can easily be modernized and made much more effective.

Now, plug up the loopholes in your outdoor lighting



A continuous, well-planned system can double the protection offered by fences and walls. Plan now to give your plant the protection of a complete lighting system.

As the need for protection increases, as you move back into two- and three-shift schedules, a modern outdoor lighting system becomes more and more important to your production picture.

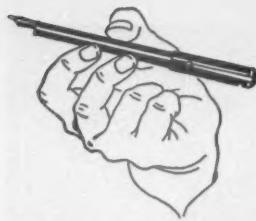
FOR PROTECTION, investigate the low-cost benefits of a soundly planned protective lighting system. New techniques, new types of fixtures, or minor adjustment of your present equipment can bring your lighting up to date for a very-moderate investment.

FOR SAFETY in handling outdoor traffic, look into today's techniques of improved area lighting for loading platforms, docks, parking facilities, and roadways.

FOR INFORMATION on outdoor lighting, contact the lighting specialist at your local G-E office, or write for the free bulletin, "Outdoor Lighting for Industrial Plants." Address Section 451-165, General Electric Company, Schenectady 5, N. Y.

GENERAL ELECTRIC

451-165



This pen cost \$1500 in 1950!

An innocent looking fountain pen, you say.

That's right, but it cost its owner—a busy manufacturer—\$1500 last year.

That was the price, in time alone, of signing all his company checks by hand, with a pen. It could have been worse, too—hand signatures are easy to forge and copy.

Now—for the first time—you can find out what it actually costs *your business* to sign company checks with pen instead of a machine.

The new Todd Time-Study Chart gives you the whole costly, dangerous picture at a glance.

For example: If a \$15,000 executive signs 1000 checks a week, he's wasting \$1500 annually, in time alone—he's exposing countless "samples" of his signature to possible crooks and forgers and he's making 52,000 extra demands a year on his health and energy.

SEND FOR THE TODD TIME-STUDY CHART TODAY

And get the facts about the Todd Protectograph Signer—the machine that signs 50 checks a minute—that stops check crimes where they start and provides positive control over check issuance.

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by Hand," together with information about the
Todd Protectograph Signer.

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City _____ Zone _____ State _____

By _____

BW-5-19-51

THE MARKETS

The Treasury's Refunding Job This Year

	(Millions of Dollars)
June	\$1,627
July	8,445
August	5,351
September	755
October	7,859
November	5,253
December
Total	\$29,290

Money Mart Eyes Treasury

Government must refund \$29.3-billion of maturing bonds this year. E-bond headaches and future needs for new money coming along as interest rates rise.

The bond market is keeping close tabs on the U.S. Treasury from now on. For the Treasury, the biggest debtor in our economy, has big decisions to make in the next couple of months on how it is going to refund \$29.3-billion of maturing debt.

It isn't the bond market alone that is interested in the Treasury's moves. The whole money market—that vaguely defined Rialto that consists of all borrowers of money on one side and all lenders of money on the other—is concerned with what the Treasury will do. • **New Securities**—The Treasury will have to offer new securities to refund these issues, since it is in no position to pay them off.

It also has an E-bond headache. In March and April more people were still cashing E-bonds than were buying them. The Treasury was paying out cash at a rate of over \$100-million a month. Now the first matured E-bonds are coming due, about \$1-billion this year. Judging from the Federal Reserve Board's survey of consumer finances, only about half of the holders of these bonds are going to extend them for another 10 years.

On top of all this, the Treasury is faced with rising interest rates. It will have to offer its issues at rates acceptable to the market. Not long ago, the Treasury could dictate the terms on which it would borrow money. That was because the Federal stood ready to buy key issues of long-term bonds at fixed prices. But the Fed couldn't keep on buying bonds without pumping up bank credit. That's why it pulled out its price

pegs (BW—Mar. 10 '51, p26). Since then, bond prices have been dropping, while yields, of course, have been going up.

• **Two Issues**—Last week the Treasury made two decisions. It had two issues that could be called Sept. 15, if notice were given by May 15. They were: an \$8-billion issue of 2% bonds, and a \$755-million issue of 3s. The Treasury decided to call the 3s and let the 2s ride. That's the first time in 18 years the Treasury hasn't called an issue at the earliest possible date.

You can see what the Treasury is doing. Letting the 2s ride means \$8-billion less for it to refund this year, when its hands are full anyway. Furthermore, with interest rates going up, the Treasury wouldn't save much, if anything, if it tried to refund the 2s with short-term securities right now.

But it does make sense for the Treasury to refund the 3s. This issue was put out before World War II, when interest rates were higher. The Treasury can borrow even long-term money for less than that today.

• **Holding Off**—Now the Treasury has the immediate problem of refunding about \$10-billion of securities by July 1. It will probably hold off as long as possible to see whether the bond market stabilizes. If rates are still going up, the Treasury will probably offer a short issue, maturing in about a year or so.

That would allow it to postpone the problem until 1952, when interest rates might be lower. Meanwhile, it can get the benefit of the short-term rate, which is lower than for longer-term issues.

What makes the Treasury think in-

terest rates will be lower next year? It feels that in the second half of 1951 institutional investors will have fewer opportunities to invest in mortgages and that bank loans to business will level off—voluntarily or involuntarily. That will increase demand for government bonds, send prices up and interest rates down.

• **Expansion Plans**—But some observers are sceptical. They point to the enormous

capital expansion plans of industry—according to the McGraw-Hill survey, \$21.5-billion this year compared to \$14.8-billion in 1950 (BW—Mar. 31 '51, p67). And the Treasury itself will be needing new money later on.

If these observers are right, it seems likely that the Fed's new policy of no fixed price pegs will be under pressure from the Treasury before many months have passed.

1949-51 Bull Market: The Score Now

Standard & Poor's Weekly Indexes (1935-39 = 100)
Pre-Korean Phase Korean Market Showing

Stock Group	1949	June 21	1950	Gain ^a	Gain ^a		Total Bull
					1950	June 21	
Leather.....	58.9	156.6	165.9%	156.6	202.3	29.2%	243.5%
Paper.....	218.5	415.7	90.3	415.7	618.9	48.9	183.2
"War" stocks.....	90.5	137.9	52.4	137.9	234.8	70.3	159.4
Tires, rubber goods.....	157.0	235.9	50.3	235.9	367.2	55.7	133.9
Rayon.....	253.3	406.7	60.6	406.7	555.8	36.7	119.4
Auto parts, accessories.....	96.5	139.3	44.4	139.3	206.8	48.5	114.3
Steel.....	104.6	173.0	65.4	173.0	222.9	28.8	113.1
Ethical drugs.....	113.9	194.3	70.6	194.3	241.9	24.5	112.4
Fertilizer.....	188.3	260.9	38.6	260.9	398.2	52.6	111.5
Low-price commons.....	102.4	161.3	57.5	161.3	212.5	31.7	107.5
Chemicals.....	121.9	191.9	57.4	191.9	246.4	28.4	102.1
Television, electronics.....	115.0	241.3	109.8	241.3	228.0	-5.5	98.3
Air transport.....	193.2	250.1	29.5	250.1	376.0	50.3	94.6
Automobile.....	106.3	186.7	75.6	186.7	206.8	10.8	94.5
Oil.....	148.4	193.7	30.5	193.7	274.7	41.8	85.1
Aircraft manufacturing.....	96.3	137.8	43.1	137.8	178.2	29.3	85.0
Copper.....	96.2	127.2	32.2	127.2	175.6	38.1	82.5
Capital goods shares.....	103.4	150.5	45.6	150.5	188.4	23.2	82.2
Railroads.....	87.0	108.6	24.8	108.6	154.7	42.4	77.8
All industrials.....	115.6	159.5	38.0	159.5	195.8	22.8	69.4
Electrical equipment.....	86.0	126.9	47.6	126.9	144.4	13.8	67.9
Distillers.....	294.8	357.3	21.4	357.3	493.3	38.1	67.6
Metal fabricating.....	90.3	122.1	35.2	122.1	149.7	22.6	65.8
Agricultural machinery.....	106.0	136.5	28.8	136.5	174.7	28.0	64.8
Woolen goods.....	91.8	100.1	9.0	100.1	151.0	50.8	64.5
Mining, smelting.....	70.3	82.5	17.4	82.5	115.5	40.0	64.3
Machinery.....	97.3	123.7	27.1	123.7	158.8	28.4	63.2
COMPOSITE INDEX.....	110.7	149.4	35.0	149.4	179.3	20.0	62.0
Department stores.....	173.8	228.1	31.2	228.1	275.0	20.6	58.2
Mail order, general chains.....	162.1	209.7	29.4	209.7	256.3	22.2	58.1
Office, business equipment.....	140.2	207.1	47.7	207.1	221.0	6.7	57.6
Sugar.....	79.7	103.1	29.4	103.1	124.6	20.9	56.3
Building materials.....	100.0	140.6	40.6	140.6	155.0	10.2	55.0
Glass containers.....	86.9	113.6	30.7	113.6	131.9	16.1	51.8
Cotton goods.....	199.5	244.2	22.4	244.2	299.9	22.8	50.3
Consumer goods shares.....	115.3	156.6	35.8	156.6	173.1	10.5	50.1
Food chains.....	169.2	236.2	39.6	236.2	245.9	4.1	45.3
Lead, zinc.....	85.1	89.9	5.6	89.9	123.1	36.9	44.7
"Peace" stocks.....	131.8	165.4	25.5	165.4	190.5	15.2	44.5
Railroad equipment.....	74.8	81.1	8.4	81.1	106.1	30.8	41.8
Shipbuilding.....	157.2	177.7	13.0	177.7	220.8	24.3	40.5
Shipping.....	334.2	391.9	17.3	391.9	450.8	15.0	34.9
High-grade commons.....	108.7	136.8	25.9	136.8	145.6	6.4	33.9
Food.....	115.6	146.2	26.5	146.2	151.3	3.5	30.9
Metal containers.....	68.3	89.3	30.7	89.3	88.9	-0.4	30.2
Printing, publishing.....	96.8	109.6	13.2	109.6	121.6	10.9	25.6
Finance companies.....	90.7	129.5	42.8	129.5	113.6	-12.3	25.2
Proprietary drugs, cosmetics.....	123.5	134.1	8.6	134.1	153.2	14.2	24.0
Natural gas.....	166.2	201.7	21.4	201.7	205.2	1.7	23.5
Utilities.....	92.3	112.5	21.9	112.5	111.6	-0.8	20.9
Confectionery.....	109.3	135.1	23.6	135.1	126.7	-5.6	16.7
Shoes.....	106.9	115.4	8.0	115.4	119.6	3.6	11.9
5¢, 10¢, \$1 chains.....	118.3	133.6	12.9	133.6	129.5	-3.1	9.5
Motion pictures.....	142.7	140.5	-1.5	140.5	151.4	7.8	6.1
Gold mining (U. S.).....	59.1	71.3	20.6	71.3	62.0	-13.0	4.9
Tobacco.....	77.8	85.7	10.2	85.7	79.7	-7.0	2.4
Soft drinks.....	108.9	130.3	19.7	130.3	106.3	-18.4	-2.4

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See "Clues Section" appearing on page 158.

DEFENSE BUSINESS

V-Loans Will Come Easier

Last week's legislation was a bid to banks to finance more V-loans. They can take defense contracts as collateral without the government's barging in to collect its claims.

It's going to be easier to get loans to finance defense contracts.

Up to now, private banks have been turning down applications for even government-guaranteed V-loans because the General Accounting Office had ruled that government liabilities had first claim on all funds under a military contract. This meant that if you put your government contract up as collateral, your bank's repayment was never final until all government claims were satisfied.

But last week an amendment to the Assignment of Claims Act changed all this. Now banks can lend money on a military contract without the government's stepping in and collecting fines, tax claims, or refunds from the contractor before the loan is paid.

• **"No Set-Off" Clause**—Agitation for the amendment stemmed from a series of decisions by GAO last year. The decision, in effect, nullified the previous interpretation of the Assignment of Claims Act of 1940. The act was written to facilitate financing of military contracts that exceeded the net worth of a company. Where banks were unwilling to lend funds in excess of a firm's net worth, the act permitted the use of the government contract as collateral.

To make the contracts acceptable security to bankers, the military wrote "no set-off" clauses into them. The clause meant that the government couldn't use fines, tax claims, or refund claims arising out of the borrower's past or future business to reduce the assigned claims.

• **GAO Interpretation**—But a series of decisions by GAO last year changed that. The attitude adopted by GAO permitted the government to ignore "no set-off" clauses. Result was that banks clamped down on loans that didn't have enough collateral—defense production loan guarantees notwithstanding.

The amendment, however, says that if you assign your government contract to a bank as loan collateral the bank is not liable for claims the government has against you, regardless of whether they arise out of that contract or from other sources. It also permits revising contracts entered into on or after July 1, 1950, to include the provisions of the amendment.

Net result of these provisions will be

a more friendly attitude on the part of banks when it comes to lending money under defense contracts. It should untangle the snarl that has tied up the current version of World War II V-loans. Up to now, GAO's ruling has stymied this kind of aid.

• **Defense Clause Policy**—Just to side-step another possible ambiguity, the Defense Dept. clarified the policy on guaranteeing defense production loans. The Defense Production Act and Executive Order 10161 permit the Army, Navy, and Air Force to guarantee a working capital loan by a private bank when necessary to get vital production. The policy is to give such guarantees only where production is vital and no alternate contractor with independent funds is available.

• **How to Get a Loan**—The application procedure is simple. Suppose you are a prime or subcontractor at any level of subcontracting who needs working capital for performance of an essential Army contract. You apply to your banker, who decides whether a guarantee is necessary. He fills out a form he sends to the Federal Reserve Bank in his district. The form indicates the percentage of the loan your bank wants the Army to guarantee.

The Federal Reserve Bank may make its own credit investigation. Then it submits a report and recommendation to the Federal Reserve Board, which in turn forwards the application to the Army. If you contract for two services, the application goes to the one having the biggest dollar volume of unfilled contracts involved.

Next comes an investigation by the Army. It looks for three things: (1) whether materials called for are essential to national defense; (2) whether the contract covers items that can't be had from another contractor without jeopardy to national defense; and (3) whether your firm can handle the contract.

If you pass the test, the Army will issue a certificate of eligibility authorizing the Federal Reserve Bank to issue the guarantee. The guarantee then goes to your bank with the percentage of loan specified. The actual loan is made by your bank. The Government doesn't

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not exceed 0.5% per year. Service fees,
termination fees, and charges for pre-
payment aren't allowed.

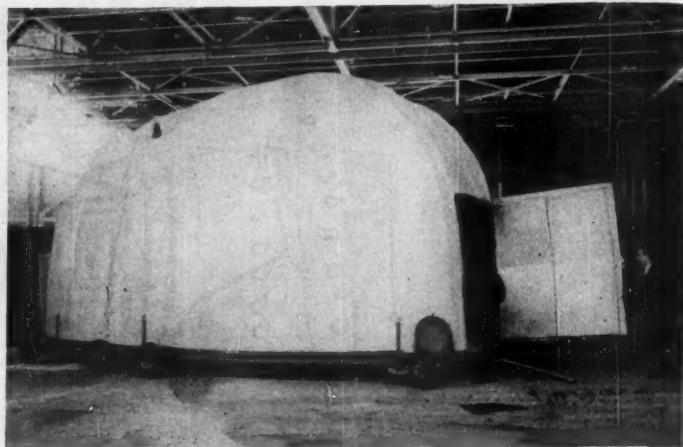
Federal Reserve takes a slice of the
interest plus fees you pay the bank for
your loan. Purpose: to discourage un-

necessary guarantees and to encourage
banks to assume more of the loan.

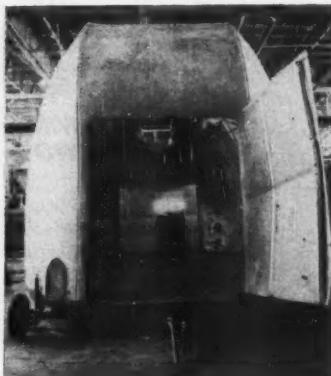
Chances of the government's guar-
anteeing a full 100% of a loan are very
slim. The rule of thumb is that guaran-
tees are limited to 90% or less.

Under this program, loans can be
used only as working capital. The mili-
tary won't lend for plant expansion.

Should your bank become uneasy
about the funds loaned, it can call for
purchase of the paper by the govern-
ment. The government is obligated to
buy the guaranteed portion of the loan
within 10 days.



ASSEMBLED jet pod shelter is mounted on mated dollies, for maneuverability.



INTERIOR shows how engine will fit.



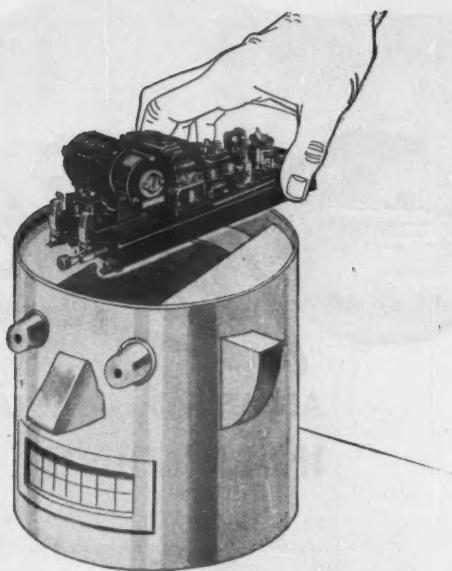
MATERIAL passes a durability test.

Jet Engines Get in Out of the Rain

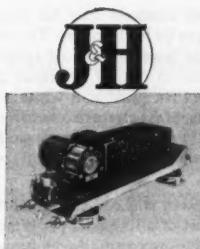
Light and maneuverable, an inflatable
shelter will fit around the jet engines of
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crews are working on it out of doors.
Developed by Goodyear Tire & Rubber
Co. for the U.S. Air Force, the portable
unit encloses the pod in a waterproof

structure. Made of two-ply nylon, braced
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of 70 mph. when moored. Goodyear thinks
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for military purposes, such as communica-
tions and operational posts.

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DEFENSE BUSINESS BRIEFS

New NPA assistant administrator is Francis J. Curtis, vice-president of Monsanto Chemical Co. Curtis will be in charge of the agency's chemical, rubber, and forest products bureau.

Product Assignment Directory, published by NPA, tells which NPA division is handling each of 13,000 products. You can get one at the nearest NPA office or by writing the agency in Washington. (Petroleum products aren't included: They're handled by Interior Dept. Foods, tobacco, animal and vegetable oils are under the Dept. of Agriculture.)

Bethlehem Steel Co. asked NPA's permission to stop shipments of steel due Acorn Iron & Supply Co., Philadelphia warehouse. Bethlehem claimed that Acorn was overcharging its customers. Acorn replied that when its prices were above normal it was because it had to go outside normal channels for steel.

Compliance of business using DO-97 to get MRO (maintenance, repair, and operating) supplies is the subject of a Federal Trade Commission study. FTC is conducting a four-week look-see into 800 industries that will also shed some light on whether the MRO order, as it stands, has been a help or a hindrance to the companies and the mobilization effort. Best Washington forecasters predict: MRO is a mess.

Cobalt controls may be eased, if NPA changes its M-10 order. The switch would permit manufacture of cobalt pigments for use in optical or signal glass, decolorizers for glass and white ware, artist's colors, glass enamels, etc. But ban would remain on its use in ceramic body stains, porcelain enamel blacks, glaze stains, etc.

Tungsten will come under price support, as part of a five-year program to encourage the discovery, development, and production of domestic tungsten. General Services Administration will pay \$63 per short ton for all specification-grade tungsten concentrates that cannot be sold on the commercial market.

The Pictures—Cover by George Miles Ryan Studios. Acme—23 (top), 40; Rus Arnold—23 (bot. rt.); Bettmann Archive—45 (top lt., ctr., bot.); Culver—45 (top rt.); Harris & Ewing—30; Int. News—56, 153; Robert Isear—103; Wide World—22 (top), 38; Dick Wolters—84, 110, 111 (top rt., ctr., bot.).



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clues

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How Do You Figure Prices?

The OPS order that covers manufacturers is one of the most misunderstood regulations ever issued. Here is a rundown of the main questions that come up and the official answers.

Rarely have manufacturers seemed so baffled by anything as they appear to be by the new General Manufacturers Regulation (CPR-22), which goes into effect on May 28. Since the time the new regulation was announced (BW—Apr. 28 '51, p134), BUSINESS WEEK has been flooded with queries as to exactly what the order means.

Here is a rundown of some of the questions most frequently asked, together with the answers:

Q. If any of my products are covered by the order, am I permitted to use the formula in it to figure my new prices without regard to the profit control proviso?

A. Yes. Economic Stabilizer Eric Johnston's profit control standard—announced last month—has nothing to do with the pricing formula in the manufacturer's order. You can forget about the profit limitation in complying with CPR-22.

Q. Then when does profit control apply?

A. Only when an industry wants relief on the ground that the formula in CPR-22 causes hardship. If the industry as a whole is earning less than 85% of its 1946-1949 average, the Office of Price Administration would interpret Johnston's edict to mean that all companies are entitled to a price increase. But if profits are topping the 85% standard, the industry's plea would be rejected.

Obviously, rejection could hurt the few businesses that would be losing money in a generally profitable industry. But these businesses could still apply for relief individually, under Section 43 of CPR-22. This section permits upward adjustments in ceiling prices if CPR-22 would make a business operate at a loss over-all.

Q. If I paid no overtime in the base period because we were working not more than 40 hours but I am liable for premium overtime pay now, may I include that extra labor cost in making up new prices?

A. Definitely not. The regulation specifically forbids the inclusion of overtime in computing base-period labor costs—except to the extent that overtime actually occurred in the base period. In effect, the regulation requires manufacturers to take their base-period payrolls and recompute them at current wage rates. If you are liable for more premium pay now than before, you have

to absorb the premium on those additional overtime hours.

Q. If my labor force is larger now than it was in the base period because I am installing new production equipment but output is no greater now, may I charge up that extra labor as a cost in figuring prices?

A. No. OPS will let you include in current costs only those charges actually incurred during the base period.

Q. If I don't maintain a complete cost accounting system, may I approximate my material costs to determine my prices or use a lump sum covering my paid invoices for the base period?

A. You don't have to have a cost accounting system to be able to compute allowable material costs in pricing under CPR-22. You may simply use invoices, for both the base and the current periods. But you can't just add up your base-period costs to one lump sum, compare the total with all current costs, and raise your prices proportionately. You must itemize, commodity by commodity, and, when you make out your current ceiling, you must take into account only those materials that were actually used in the base period.

Q. If I figure my prices on the basis of present costs and my materials suppliers notify me after May 28 that their prices to me have changed, do I recompute my prices to take into account those cost increases or decreases?

A. Yes, but not right away. You must wait until OPS issues an amendment to CPR-22 that will tell you how much you may allow for increases in your costs after Mar. 15. From time to time, OPS might even announce "material cost increase factors," which you would have to use in recomputing ceilings—regardless of whether the prescribed charge is more or less than your actual cost increase.

Q. If my line of products is quite diversified, may I use all four alternate methods of figuring materials costs for different parts of my line?

A. Conceivably you may. But you would have to have an awfully big amalgamation of plants, divisions, and departments. For example, you could figure materials costs for all the products of a separate plant under Method I in CPR-22. And you could figure costs for items singly in another plant under Method II. In still another plant, you could handle each of several product lines under Methods III and IV.



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Textile Ceilings

OPS lifts general price lid from cotton yarn and materials, gives them their own hand-tailored controls.

The Office of Price Stabilization has taken cotton yarns and textiles out from under the January freeze. It has issued a specially tailored order that tells mills how to price such fabrics as broadcloth, gingham, denim, organdy, seersucker, and sheets and pillow cases.

Ceiling Price Regulation No. 37 is patterned after last month's General Manufacturers' Price Regulation (CPR-22) in practically every major respect (page 19). It differs only in mechanics; but these differences are supposed to make it possible for textile producers to work out ceilings while still following the traditional practices of the industry.

- **Hold the Line**—OPS, for a change, isn't claiming that the order will produce substantial rollbacks. Cotton goods are responsible for only a small part of the 5% increase in apparel prices that has occurred since mid-January. CPR-37 aims only at holding the line.

Like the manufacturer's regulation, the new order permits cotton textile mills to add increases in factory payroll and material costs to pre-Korean prices in force during option base periods—either Apr. 1 to June 24, 1950, or any one of the three previous calendar quarters.

For raw cotton and factory labor, increases in costs from the base period to Mar. 15, 1951, can be included under the new ceilings.

- **Change From CPR-22**—But the textile regulation differs from the manufacturers' order in four ways that are important—at least to the mills.

(1) It prescribes computation of costs on a unit basis—per pound of yarn, per yard of fabric.

(2) It sets as the base period raw cotton price the cents-per-pound prevailing on the day of the highest-priced base period sale to someone in the largest customer class.

(3) It permits the use of the contract, or list, price offered during the base period—instead of the delivered price—as the base price.

(4) Mills can sell at new ceiling prices as soon as they file cost-data forms with OPS.

- **One for Rayon, Too**—CPR-37 goes into effect on May 28, the same effective date as for the general manufacturers' order. By that time, OPS hopes to have ready a regulation covering rayon yarn, which is still subject to the January general freeze.

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CHECKLIST

Of Defense Regulations

The following listing and condensed descriptions cover all the material and price-control regulations issued by the defense agencies during the preceding week.

Full texts of the materials orders may be obtained from National Production Authority, Washington 25, or from any Dept. of Commerce regional office.

Full texts of the price orders may be had from the Office of Price Stabilization, Washington 25, or from the regional OPS office in your area.

Materials Orders

CMP Regulations: Reg. 2 sets limits on amounts of controlled materials a user may have in inventory. Reg. 4 establishes rules for deliveries of steel, copper, and aluminum by warehouses, jobbers, dealers, and retailers (May 10).

Hide allocations: Clarifies definition of "practical minimum working inventory" and further explains that authorized tanners receive monthly allocations from NPA and it is not necessary therefore to use DO ratings to obtain hides. M-35 as amended (May 11).

Columbium and tantalum: Allows more flexible restrictions to assure higher

production of steel containing these alloys. M-3 as amended (May 11).

Polyethylene: Allocates the chemical, effective June 1, and requires manufacturers to apply to NPA for authorization to fill an order or use the chemical themselves. M-45 Schedule 6 (May 11).

Construction: Exempts from NPA licensing requirement (1) all projects that have received certificates of necessity permitting five-year tax writeoffs, and (2) plant additions and improvements using no more than 25 tons of steel. M-4 as amended (May 11).

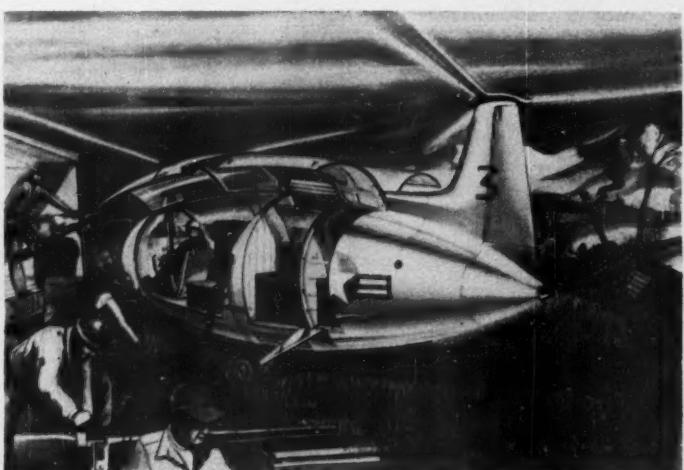
Pricing Orders

Export contracts: Permits producer-exporters to fulfill contracts for export sales entered into before GCPR, Jan. 26, 1951. Previously, only merchant exporters had this authority. GCPR Suppl. Reg. 9, Rev. 1 (effective May 12).

Crude oil: Establishes ceiling prices for crude oil at prices posted Jan. 25, 1951, at each pool. Producers may carry out contracts made before Dec. 9, 1950, which were in effect Jan. 25, 1951—provided some deliveries were made prior to Jan. 25, CPR 32 (effective May 12).

Ungraded beef: Amends wholesale beef ceiling prices to give packers and wholesalers until May 11 to dispose of ungraded beef acquired before May 7. CPR 24, Amend. 1, and Distribution Reg. 2, Amend. 1 (effective May 7).

Grocery pricing (wholesale): Provides



It's a Jeep-Type 'Copter

Helicopters are due for a better place in the defense contract sun—judging by their performance in Korea. New candidate for Washington's blessing is the Heli-Jeep, handiwork of the Rotor-Craft Corp., Glendale, Calif. Designer Gilbert Magill sees it as a sort of flying jeep, with all the versatility

and ruggedness of its ground counterpart. It's designed to transport a combat team and equipment; it can also pinch-hit for an ambulance or command vehicle. The tandem-rotored "egg beater" will be about 25 ft. long, with doors about 7 ft. wide to accommodate stretchers. Its powerplant is a single horizontally mounted 275-hp. engine; it will fly 100 mph, carry 1,200 lb.

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that the "service fee" wholesaler can add service fees to his net cost. CPR 14, Amend. 2 (effective May 10).

Grocery pricing (retail): Excludes retail route sellers from regulations on frozen food sales and permits them to price frozen food under GCPR. Permits specialty food stores to price under GCPR if they meet certain conditions. CPR 15, Amend. 2, and CPR 16, Amend. 2 (effective May 10).

Tungsten products: Sets dollar-and-cents ceiling prices on ferro-tungsten and other tungsten products essential to defense. CPR 33 (effective May 7, 1951).

Restaurants: Amends restaurant ceiling price regulations to give certain short-term operators a longer base period for figuring food cost ratios. CPR 11, Amend. 1 (effective May 8).

GCPR price interpretations: Deals with such important interpretations as determination of ceiling prices, fair trade items, delivered pricing, net invoice cost, parity adjustments, and tie-in sales. GCPR Interpretations 3-43 (May 4).

Adjustments of ceiling prices for manufacturers: Provides procedure for individual adjustment for any manufacturer who cannot operate under CPR without a loss on his over-all operations. Gen. Overriding Reg. 10 (effective May 11).

Parity adjustments: Permits producer-owned cooperatives, processors producing own agricultural commodities, and processors operating "open" price and deferred-payment contracts to adjust ceiling price on products containing commodities that are below parity. CPR-22, Amend. 2, and GCPR, Amend. 10 (effective May 16).

Service trades: Places over \$10-billion of commercial and personal service trades under a ceiling price regulation. Sets ceiling at highest price charged between Dec. 19, 1950, and Jan. 26, 1951. CPR 34 (effective May 16).

Wool and related fibers: Sets a ceiling price of \$3.35 a lb., clean and landed in the U.S., for type 64's—an average basic grade. Customary differentials for different grades are prescribed and prices are similarly set for alpaca and mohair. CPR-35 (effective May 9).

Wool and manufacturers prices: Manufacturers may add to pre-Korean prices increased costs that may result from this order. The labor cost cut-off date is made Mar. 1, not Mar. 15. CPR 18, Rev. 1 (effective May 9).

Imports: Extends effective date of import regulation to June 1, since many importers were unable to determine their ceiling prices by original date of May 9. CPR 31, Amend. 1 (effective May 9).

Used steel drums: Rolls back prices for used steel drums and their reconditioning services at all sales levels in the industry. CPR 36 (effective May 16).

INTERNATIONAL OUTLOOK

BUSINESS WEEK

MAY 19, 1951



There's nothing substantial behind current Korean truce rumors.

No new diplomatic contact has been established between the United Nations Good Offices Committee and Peiping. India has given up the ghost on mediation attempts. U. S. officials in Washington and at U. N. headquarters see no sign of a change in Red China's attitude.

So today a political settlement still appears to be a mirage.

Hard facts point to a military climax in Korea. A new Communist offensive may be rolling any day now.

The Reds may have air support before long. They're working hard on new air facilities. For the first time they're putting down airstrips in North Korea.

In China proper, Communist purges have reached a bloody crescendo.

There's a wholesale killing of intellectuals—anyone who might disagree with the regime. The best observers say that's a sign the Moscow wing of Mao Tse-tung's government is in full control—and China couldn't turn back in Korea if it wanted to.

United Nations military men are confident they can blunt another offensive—even if the Reds use planes.

Already, Washington officials are speculating what could happen after one more Red push failed. They think that Peiping won't be able to absorb any more large losses; already the best part of four field armies have been badly mangled. So Stalin will have to decide between all-out Soviet aid or a face-losing compromise on the 38th parallel.

The arms embargo on China won't be so crippling as it sounds.

The U. N. resolution this week was mostly a moral and political maneuver. It places Peiping on notice that stricter measures—maybe a naval blockade—might come if the war continues.

Enforcement of the embargo is up to individual U. N. members. It's a cinch India won't comply; nor, probably, will Indonesia. And those countries that do ban shipments of war goods will have a sweet time wiping out the vast black markets in goods for China.

For example: The U. S. has an almost total embargo; still made-in-America goods (drugs, for instance) reach Red China. Even Chiang Kai-shek can't quash mainland trade (Formosan sugar keeps turning up in Shanghai).

The whole problem of trade with the Communist world is boiling up.

The U. S. Senate, steamed up by the MacArthur hearings, has threatened to cut off U. S. aid to any nation that sends war materials to Russia or the satellites. That has left our allies aghast. There's hardly one of them that doesn't trade with Iron Curtain countries.

One trouble is that no one yet has defined "war materials." Not even the U. N. resolution does that.

West Europeans claim they depend on trade with the East. The Senate's threat, if carried out, could ruin them.

Britain, for one, gets nearly a quarter of its grain from Russia, plus a lot of timber. And London claims it's long since clamped down on out-and-out war goods.

West German exports of machines and vehicles to the East are 20 times

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

MAY 19, 1951

1948 levels. Yet the Germans insist that they must do this kind of trading to survive. This problem is the big reason why U. S. High Commissioner McCloy is hurrying to Washington.

Many Europeans lean heavily on Polish coal for their defense industries. They claim the good their exports do the Communists is more than balanced by the imports they receive in return. Those imports just aren't available elsewhere.

Britain's decision to join the U. N. embargo was a victory for Foreign Secretary Herbert Morrison. Most of the cabinet and the Labor Party were opposed.

Morrison's move was well ahead of British public opinion. Most Britons are still reluctant to recognize Peiping as a first-class enemy.

Next question is whether Britain should withdraw recognition of China's Red regime. Whitehall still feels diplomatic relations might help the chances of peace. But if the break is essential to U. S.-British unity, Morrison might force it through.

London is hinting that it will use troops to protect British lives and oil property in Iran.

Washington, however, cautions Britain not to resort to military intervention. But we're giving strong political support—helping the British draw up the new diplomatic note to Teheran this week.

But the situation in Iran seems hopelessly out of control. The government is not in competent hands; and a takeover could be pulled off by the Soviet-sponsored Tudeh party. In that case, the beleaguered Shah might ask for foreign troops as protection.

Meanwhile, the State Dept. has assured Britain that no U. S. oil companies will fish in Iran's troubled waters.

It won't be long before Greece and Turkey are in the Atlantic Pact.

Differences of opinion in Washington on their membership have been ironed out (BW-May 12 '51, p160). Also, Britain and some of the smaller Pact nations are now more willing to let Greece and Turkey join the club.

The French are all set for their elections (page 153).

Premier Queuille's government managed to beat down last-ditch Communist opposition and set June 17 as election day.

Only the most optimistic members of the middle-of-the-road Third Force coalition think they'll gain strength at the polls. Foreign Minister Schuman's popular Republican Movement, largest of the center parties, may lose as many votes as the Communists. Schuman himself faces a tough fight in Lorraine, may have to pick a safer district to run in.

Chances are Gen. de Gaulle will emerge with the biggest party in the new assembly. But he won't get the majority he hopes for.

There may be international allocations of copper, lead, and zinc in the last quarter of this year.

The International Materials Conference in Washington is making progress; the copper-lead-zinc committee has come a long way toward agreeing on fair distribution methods. Governments that didn't take the talks too seriously at first are beginning to perk up.

BUSINESS ABROAD



THUNDER ON THE LEFT: Communism's Duclos thrives on political instability and inflation—current ailments in France.



THUNDER ON THE RIGHT: Gen. de Gaulle is gaining ground with his criticism of Atlantic defense setup. Between them . . .

French Unity Stands a Slim Chance

PARIS—France is getting ready for national elections. Early last week, after months of huffing and puffing, the National Assembly managed to bring forth a badly needed new electoral law.

Frenemen are nursing cautious hopes for a new deal from the elections. They'd like to see new men, new ideas, new policies, and new unity popping from the ballot boxes like magicians' rabbits. But it looks now as if the cards are stacked against them.

• **Small Chance**—Actually, France appears doomed to just as much political and economic instability as it has known since the war—probably more, in fact. Politically, there are the slings and arrows from Jacques Duclos and his Communists on the left, and from Gen. de Gaulle and his Rally of the French People on the right. On the economic side, the old ogre inflation is gaining more and more strength.

The free world is watching anxiously. As the geographic base and military nerve center for the defense of Europe, France needs stability in the worst way.

I. Between the Devil . . .

The new electoral law is designed to replace 1946 legislation that worked on the proportional representation principle. The old law made it possible for virtually every political splinter group in

postwar France to corral a few seats in the Assembly—regardless of strength. It made for an uneasy, jerry-built coalition of the center, the "Third Force," that was forever vulnerable to internal dissension and Communist obstruction.

The new law modifies the proportional system. It gives the middle-of-the-road Third Force a better chance to gather its strength; supposedly it will reduce the chances of the Communists and the de Gaulleists.

• **De Gaulle Gains**—Many observers think it won't work out that way—mainly because de Gaulle is gaining strength fast. The odds are that the Third Force will hold a slim majority after elections. But it's bound to lose some strength to de Gaulle at the polls. And it could be squeezed to death between the general and the Communists when the new Assembly meets. At worst, the country could be split into two warring camps. Even at best, the center majority won't have a much firmer grip than it has now.

The Third Force might even be forced to accept a coalition with de Gaulle. The gawky general has always preferred to play a lone hand, but the chance of a quick return to power might tempt him.

That kind of deal might well shatter the Third Force. Many Socialists, socialist-minded Catholics, and anti-clericals

would surely balk at playing ball with the rightist de Gaulle.

One thing is certain: De Gaulle—in or out of government—will exert a powerful influence on French policy after elections. That probably means increased friction within the Atlantic Alliance. One of de Gaulle's main election planks is criticism of the present defense setup. He wants a bigger voice for France in the long-range strategic planning, firmer guarantees that continental Europe will be defended. He opposes handing over French bases to Allied forces or giving foreigners a say in how France will be defended.

Sniping from the other side will be the Communists. And their strength is apt to increase as rearmament and inflation cut into living standards.

II. . . . And the Deep Blue Sea

It's a vicious circle. Political instability helps inflation. And inflation encourages new social agitation to shake the ramshackle political structure.

Serious inflation is a sure bet now in France. Rearmament and skyrocketing raw materials prices are just beginning to be felt. Though the punishment won't become unbearable during 1951, next year's outlook is alarming. Here's the prognosis:

The budget deficit for this year was

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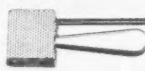
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estimated at 400-billion francs months ago; now it's expected to pass the 600-billion mark. Recent wage hikes, materials prices, and the steady drain for military expenses (800-billion francs for 1951) account for the markup.

Next year, when the really big arms bills begin to roll in, the deficit is expected to hit 1,000-billion francs.

• **How to Save?**—There's little hope of beating the deficit with new taxes. Already, they gobble up one-third of the national income. The brunt of taxes falls on those least able to pay—the workers, salaried employees, civil servants, fixed income groups. And the standard of living of these people is already so low that further tightening of fiscal screws is likely to swell Communist party coffers.

Some money can be picked up by cutting back public investments; already this has been started. But most of the savings will have to be diverted into housing if communism's appeal is to be checked. Lack of housing (only 25% of war-damaged dwellings have been rebuilt) is a number one social cancer in France these days.

• **Production**—Industrial production, on the other hand, is chalking up new records—40% above prewar levels, and likely to climb another 6% to 10%. But that's about all that can be expected without a sharp boost in productivity.

Boosting output per manhour in the rigid, cartelized French economy is a long, slow job. ECA's productivity campaign has had only spotty results. What's more, productivity increases usually boost profits, rather than workers' purchasing power. Profits represent one of the most stubborn rigidities of the French economy; cartelization and protectionism keep them sky-high through inflation and deflation. That means consumers and workers take the full shock of inflation—and get little of the temporary relief of deflation.

There's another reason why French production won't expand enough to provide guns without watering the milk. France's economy is already running at full tilt—with little unemployment and hardly any unused plant capacity. • **Farm**—The agricultural picture is even darker, with farm output dawdling along about 95% of prewar. Inflation could boost it; but cautious, tightfisted French peasants aren't in any hurry to increase their plantings. They prefer to hoard and wring the most for the least out of inflation.

Price increases since Korea have been steady—but they still don't wholly reflect the inflationary pressures in France. Wholesale industrial products are up 63%, wholesale food is up 16%, raw materials up 102%. Retail food prices in Paris have climbed an average of 30%. The retail price index is 30 times higher than prewar; the wage index is

only approximately 13 times prewar. • **Last Hope**—U.S. economists in Paris think that the only fundamental factor that could change fast enough to help the situation is French trade policy. France has been boosting exports and curbing imports at any cost since 1947. There have been tax exemptions and other privileges for exporters, and a towering tariff wall designed to discourage importers.

ECA advisers figure that several hundred billion francs worth of extra goods could be injected into the economy by an about-face on trade. The extra goods would have a directly deflationary effect. Indirectly they would help by forcing French producers to hold down their prices in order to meet foreign competition. True, such a right-about couldn't stop inflation dead in its tracks; but it might put on the brakes enough to make the difference between a controllable and a runaway inflation.

• **A Faint One**—French manufacturers and farmers will fight tooth and nail any attempt to scrap protection. The swing to the right expected in the elections could strengthen their hands.

So, Frenchmen's vague hopes for a new deal are likely to wane. But they'll probably shrug it off and order another aperitif. They've been in France for 2,000 years this year (dating from the founding of Paris); and they just can't believe they won't be around a lot longer. To them, this is another case of the situation that is hopeless, but not serious.

General Tire Moves Into Spanish Rubber

Last week General Tire & Rubber Co., Akron, added another company to its stable of 11 foreign affiliates. The new venture: a majority interest in Spain's second-largest rubber manufacturer.

The company is the Continental Fabrica Espanola del Coucho, S.A., of Torrelavega, Spain. It controls 32% of Spain's tire business, was owned by German financial interests until World War II when Generalissimo Franco took it over in the name of the Spanish government.

General Tire doesn't seem worried about the economic unrest that's plaguing Spain these days. Strikes against booming living costs mean serious trouble for Franco's government. At any rate, General's president, William O'Neill, is just back from Spain where he found business conditions "in good shape."

There are only a few industries in Spain that can be controlled by foreign interests; actually most enterprises are restricted to no more than 25% foreign interest.



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Canada's "Big Inch" Urged

Alberta board reopens hearings on 2,200-mi. natural gas pipeline to serve cities clear to Montreal. Province still has to be convinced its reserves are adequate. Steel is also a problem.

The Provincial Government of Alberta has been sitting on a vast natural gas field, like a hen on eggs. And right now it's beginning to look as though the hen may be ready to get up and loose a flock of chicks.

That's the meaning of the hearings that began last week before Alberta's Petroleum & Natural Gas Board. The board is being asked to O.K. a 2,200-mi. Canadian version of the "Big Inch," which would pipe gas to a whole raft of cities all the way to Montreal, Toronto, and Ottawa.

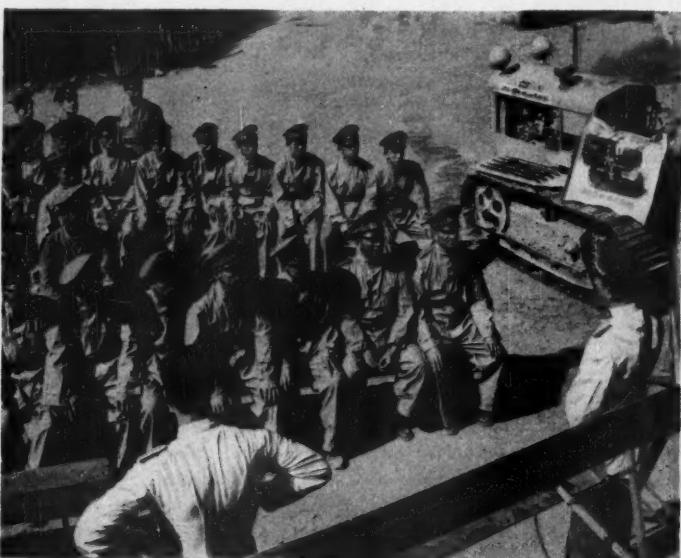
• **Ottawa O.K.**—The project has already been approved by the Canadian Parliament, and a federal charter has been granted by the Board of Transport Commissioners to Trans-Canada Pipelines, Ltd., to build the line. But the last word is up to Alberta, which in the past has

pigeonholed five pipeline projects—including Trans-Canada Pipelines—on the ground that not enough is known about the province's gas reserves.

Last year the board said no to all applicants; and it told them to come back next September. The earlier opening of the present hearings has roused guesses that maybe a yes is coming at last.

The Trans-Canada plan is backed by Canadian Delhi Oil, Ltd., a subsidiary of Delhi Oil Corp., of Dallas, Tex. Its plan is a real giant, expected to cost \$253-million. The pipeline would be the longest of its kind in the world, topping the U.S. transcontinental line by some 400 mi.

Its 30-in. pipe would run 1,850 mi. from the gas fields at Princess, Alta., to Toronto, roughly following the rails



Chile's UMT Down on the Farm

These Chilean soldiers are learning to operate tractors, not tanks. Like most Latin-American countries, Chile is working overtime to boost agricultural yields through mechanization, spending millions of dollars on U.S. farm implements. And it is teaching youngsters to operate the machinery while they're in the army under the Chilean system of compulsory military training.

After six months of marching, 300 trainees yearly are siphoned off for classroom instruction in farming, followed by practical experience. Out of the army, the soldier-farmers go to work for themselves or teach others what they've learned. Chile likes the system fine—it's helped boost crop yields 500% since 1947. Now Chile plans to include 1,000 soldiers each year.

of the Canadian Pacific. Such major prairie cities as Moosejaw, Regina, Brandon, and Winnipeg would be served along with Kenora and other Ontario spots. Smaller lateral lines would feed lesser communities. From Toronto, a 21-in. pipe would run the 332 mi. to Montreal, with a spur from Toronto to Ottawa.

• **The Catch**—Just about everyone admits that the pipeline would be a wonderful thing for Canadian expansion. But Alberta wants to know how good it would be for Alberta and its own continuing needs. The province's 30-year requirements have been set at a bit over 3-trillion cu. ft.

In turning down previous requests, the board said that Alberta would need established reserves of 4.5-trillion cu. ft. before massive exports could be permitted. Estimated—not established—reserves are currently set at 4.6-trillion cu. ft., of which 219-billion cu. ft. are beyond economic reach.

Explorations are being pushed rapidly, and the board, in its rejection notice, admitted that "the situation could change rapidly." Boosters of the pipeline project say it has changed already. J. F. Dougherty, Dallas geologist, told the board last week that Alberta has 12.5-trillion cu. ft. of proven and potential gas, with 8-trillion cu. ft. proven. Dougherty said that the Trans-Canada pipeline would require a daily average of 221-million cu. ft. for the first year and 325-million cu. ft. daily for the next five years.

• **Steel Problem**—Even if Dougherty and his colleagues succeed in convincing the board, the pipeline would seem to lie at least two or three years in the future—maybe more, depending on the war situation. That's because of the overriding defense need for steel (BW—Feb. 3 '51, p98). Estimates are that the pipeline would take 750,000 tons of steel, all of which would have to be fabricated in the U.S.

Defense needs, which may long delay the big line, have also caused the one major leak so far in Alberta's gas embargo. That's the line that has been approved to carry 10-billion cu. ft. a year to Anaconda Copper at Butte, Mont. This line was O.K.'d at the urgent request of Canadian and U.S. authorities.

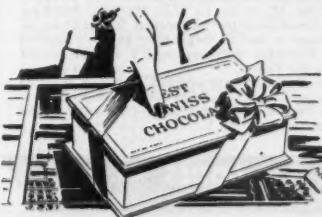
The projects that the board has so far rejected include three lines to carry gas westward to the Pacific Northwest markets in Canada and the U.S., and two eastward, one to Winnipeg, and the other the Trans-Canadian whose case has just been reopened.

• **Reverse Process**—Meanwhile, natural gas consumption in Canada is increasing rapidly; it went up 17.2% in 1950. Some of the gas comes from Alberta, the rest from the U.S. In fact, two Canadian companies have requests for more U.S. gas now before the Federal Power Commission in Washington.

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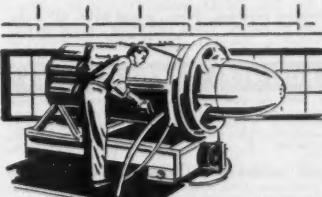


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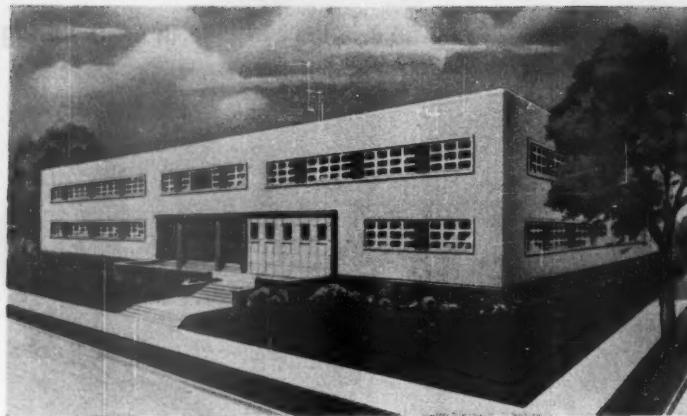
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BUSINESS ABROAD BRIEFS

A new 35-mm. camera—christened the Nikon—is the postwar white hope of Nippon Kogaku KK, Japan's largest optical company. Unlike most Japanese cameras, Nikon is getting rave notices from top U.S. photographers. With an f/2 lens the camera costs \$235. San Francisco's Overseas Finance & Trading Co. is the exclusive distributor.

Oil and gas exploration in Costa Rica will be handled exclusively by Union Oil Co. of California, Los Angeles, under contract with the Costa Rican government.

Boom town Down-Under: Geelong, the old wool-selling town near Melbourne, Australia, has attracted two more big chunks of foreign investment. British Celanese, Ltd., will build an acetate rayon plant there, to turn out 3-million lb. of filament annually. Shell Oil Co. is moving in, too, with blueprints for Australia's biggest refinery. Also quartered at Geelong: International Harvester and Ford Motor Co.

Canadian Westinghouse Co., Ltd., is expanding its manufacturing facilities at Hamilton, Ont., with two new buildings. They'll turn out electronic equipment for Canada's defense program. The Hamilton project is part of a \$10-million expansion, including new plants at Three Rivers, Edmonton, and Montreal.

A penicillin plant is in the works for Brazil. Fontoura-Wyeth, Brazilian affiliate of Philadelphia's Wyeth, Inc., will set up a \$2-million laboratory in Sao Paulo to produce various penicillin salts from local raw materials.

A Schuman Plan on wheels has begun to roll in Europe. Some 100,000 French and German freight cars have been pooled in order to reduce hauling empty stock. In the past, Europe's railways have had to return rolling stock from other nations immediately—loaded or not.

Mexicans will buy a \$5-million coke plant in Germany, set it up at Monclova, near the Mexican coal fields. German technicians will come along to help.

Air freight flown between the U.S. and Europe has increased 40% in a year's time, according to Seaboard & Western Airlines. Seaboard, the only U.S. all-freight common carrier to Europe, says the Marshall Plan and growing awareness of fast freight benefits account for the new business.

Soviet sore spots: General shortages of

nonferrous metals, plus lagging production of oil industry equipment, locomotives and rolling stock, and motor vehicles are plaguing the Russian economy. That's the latest word from the Soviet State Planning Committee.

Cheaper whisky: The new tariff cuts announced last week will lower the cost of Canadian whisky, still wines, champ-

agne, and sparkling wines, Marsala wine, and arrack. But there'll be no reduction on Scotch—the U.S. and Britain failed to get together on new trade agreements.

The August Thyssen steel mill at Hamborn, Germany, began operating its first steel furnace since the war last week. Capacity: 600 tons daily. Pre-war, the

mighty Thyssen works had a yearly output of 1.3-million tons.

The World Bank is thinking about floating a small bond issue—between \$14-million and \$28-million in pounds sterling—on the London market. So far, all the bank's issues have been in U.S. dollars, save for several small Swiss franc operations.

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The Shape of Things To Come

Industry's huge expansion plans cast a good deal of light on business thinking about the future. Right now these blueprints calling for \$22-billion of plant and equipment spending in 1951 are running up against shortages in steel, aluminum, copper, and other things. And they are causing concern as well to the people in Washington whose job it is to control inflation.

But these plans have another side. They tell an optimistic story about what American business sees beyond the mobilization hump of the next two years.

Ten years ago when we started getting ready for World War II, this country was still in the thrall of a cruel depression psychology. More than a decade of depression and semirecovery left business wondering what future use could be made of new plant capacity. There was talk that our economy was mature, that its future was behind it. All this took a fearful toll of business confidence.

The result was that the government had to build Willow Run, synthetic rubber plants, and a lot more. There was not enough faith in the postwar future to lead business into building big new plant capacity.

Things have turned about a bit this time. Private investment of all kinds recently has been running at a \$60-billion annual clip. That's almost eight times the rate in the first two years of World War II. Eliminating new residential housing and inventory increases to get at capital spending by business, the present rate is about six times that of the last time around.

The confident attitude of American business is recorded by the fact that the government is not doing much direct construction of war plant this time. If the government were undertaking now what it did in World War II to provide new productive capacity, the federal budget would have to carry an extra load of \$10- to \$12-billion.

Industry, of course, has been encouraged in this investment surge by accelerated depreciation for tax purposes under the very high prevailing rates. And the 77% excess profits tax has provided a stimulus to spend cheap 23-cent dollars liberally for maintenance and like expenses. But these two facts don't account for all the business spending this time by any means. Both these stimulants were available a decade ago. Also, much expansion is going forward without benefit of accelerated depreciation. If businessmen didn't expect to sell what this new plant and equipment can produce after the mobilization hump has been climbed by 1953, there wouldn't have been so much incentive to make the investment. It isn't all being done just to replace high-cost marginal capacity.

In sharp contrast to 10 years ago there is not the same frightened talk of postwar excess capacity. There are questions, of course. But a 4-billion lb. annual output of aluminum by 1953 doesn't seem to scare the aluminum people. The prospect of what to do with 120-million tons

of steel two years from now is not paralyzing steel men from going forward with the buildup.

Industry's vigorous expansion plans provide solid courtroom evidence that businessmen think the American economy in the years ahead will be healthy and strong. This is good news for the American people. That means it's bad news for the Kremlin.

Thugs in Business

The published report of the Kefauver Committee has some black reading for businessmen (BW—May 12 '51, p. 22). It should make them very angry. The public wants to know if these charges that gangsters have "muscled in" on legitimate business are true and, if so, what business is going to do about it. Wise leaders in the 50 accused areas will arouse their associates to root out the evils that stand revealed and whatever darker evils lie behind them.

Apparently the thugs think of business as a refuge from the tax collector. What they make from gambling and rackets is hard to spend without being caught. If they can put ill-gotten gains into legal channels and make it look honest, they will last longer.

Gangsters get in through weak men, through dupes, through men too busy to watch for traps. The weak man here and there can be helped to keep out of this kind of ugly trouble by insistence on the part of others in his industry that standards of honest dealing be held firm.

Weak spots lie in law enforcement so lax that legitimate business faces the choice of extinction or compromise. They lie in public apathy and in laws that the public only half supports. Prohibition gave the modern gangster his start; price and production controls have given him a new chance to ply his trade.

Businessmen who employ gangsters are buying crime. Money spent that way is only the first charge. The tax load is heavier when honest men must pay both for themselves and for the crooks who evade it. The price of doing business goes up when fraud, and worse, hiding within a business cloak, brings that business dishonor and decay.

Once business trust and good faith are undermined by these spots of infection, the whole structure can go rotten. Then, because corruption breeds more corruption, gangster control can threaten the entire country, with no faith left, no word believed, no contract honored except through fear of the gun at the back.

The time has come to stop all this, and quick. Cleaning house is a dirty job, but not cleaning is dirtier. Gangsters moving to operate within legitimate industry bore into the very foundations of American life. The remedy is to smoke out the termites and bug-proof the house. That is the responsibility not only of the law enforcement agencies but of business itself.



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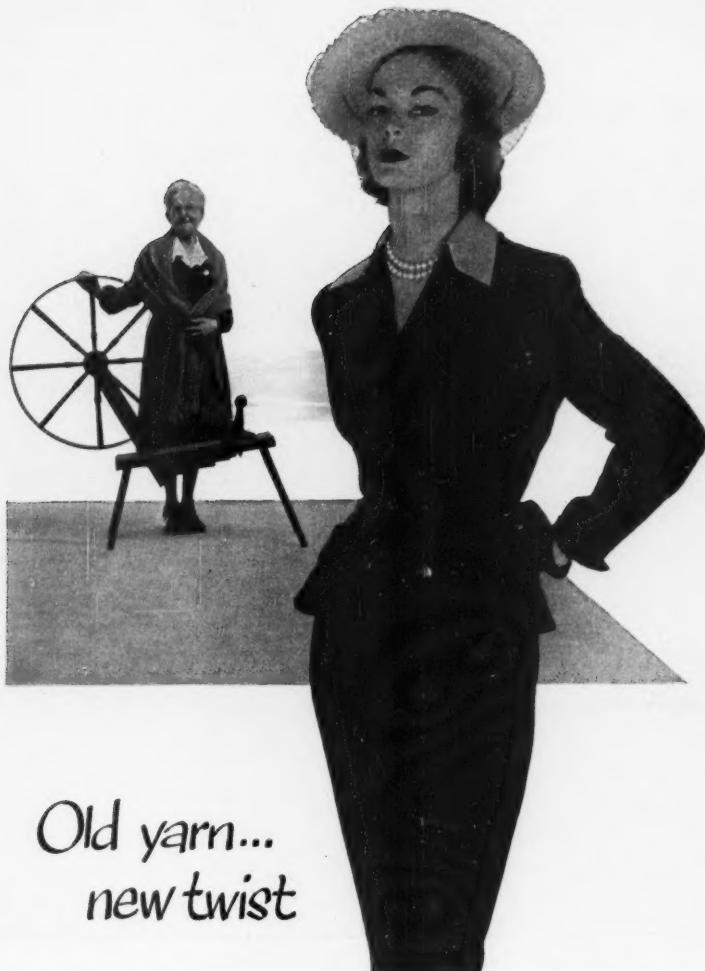
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Old yarn... new twist

The story of textiles is as old as civilization itself. And, as new. For the textile industry is always progressing—improving the old, adding the new—weaving a continued story of the exciting and the practical in textiles.

In much of this progress, chemistry plays an important role. So important, in fact, that Monsanto has long maintained a Textile Chemicals Department, staffed by chemists who virtually live with textiles. Working closely with textile executives and mill men, these chemists have helped the industry with numerous contributions to better products and processes.

Shrinkage control and wrinkle resistance in wool, cotton, rayon and blends are achieved through the use of Monsanto resins. They help fabrics retain their original freshness—contribute better drape and tailoring qualities to suitings . . . The strength of woolen and worsted yarn is

increased through the use of another Monsanto innovation. Stronger yarns mean fewer breaks, faster weaving, increased and more uniform production.

Before weaving, rayon yarns are protected, or "sized," with a Monsanto resin. Bonded together, the fine filaments are strong enough to resist abrasion and to withstand the strains of high-speed looms.

There are many more advantages that chemistry brings to textiles—in cleaning, scouring, removing dirt and grease, finishing, dyeing—almost literally adding new twists to old yarns.

Monsanto Chemical Company, 1700 South Second Street, St. Louis 4, Missouri . . . Textile Chemicals Department, Everett Station, Boston 49, Massachusetts . . . In Canada: Monsanto (Canada) Limited, Montreal and Vancouver.

To Textile Executives

Included below are just a few examples of contributions made by Monsanto Textile Chemicals to lower processing costs and improve products in the textile field.



Wrinkle resistance, shrinkage control and many other advantages are imparted to all types of fabrics by Monsanto's Resloom.* Woolen shirtings, blankets and children's wear won't shrink out of size; rayon and cotton suitings and dress goods stay fresher longer, tailor better, thanks to this textile resin. Because Resloom becomes part of the fabric during processing, these advantages last the life of the fabric.



Fiber slippage control means increased yarn strength and better uniformity in spinning woolen, worsted and blends. That's why Monsanto Syton* is used in spinning nearly 40% of the woolens and worsteds spun in the United States. Syton helps step up production; makes it possible to spin finer yarns from almost any type of wool stock.



Mill efficiency is increased by the use of Stymer.* Monsanto's resin sizing agent for acetate and viscose. It's easy to mix, store and apply; easy to remove when it has done its job. Stymer makes yarns tougher by binding together the individual fine filaments of the yarn; helps the whole yarn resist abrasion and flexing during weaving.

Get more information . . . Textile officials interested in spinning, weaving, finishing are invited to contact Monsanto Textile Chemicals Department for assistance and information on the following:

- Resloom, for shrinkage control, washability and wrinkle resistance . . . □ Syton, for increased yarn strength, plumper yarns . . . □ Stymer, for rayon slashing . . . □ Merlon* resin for durable finishes . . . □ Sted,* for thorough scouring and cleaning action . . . □ Catalyst AC, for speedy cure of melamine and urea resin finishes . . . □ Dye fixatives . . . □ Rezgard,* fugitive-type flame retardants . . . □ Santomerse* No. 1, all-purpose detergent and wetting agent.

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